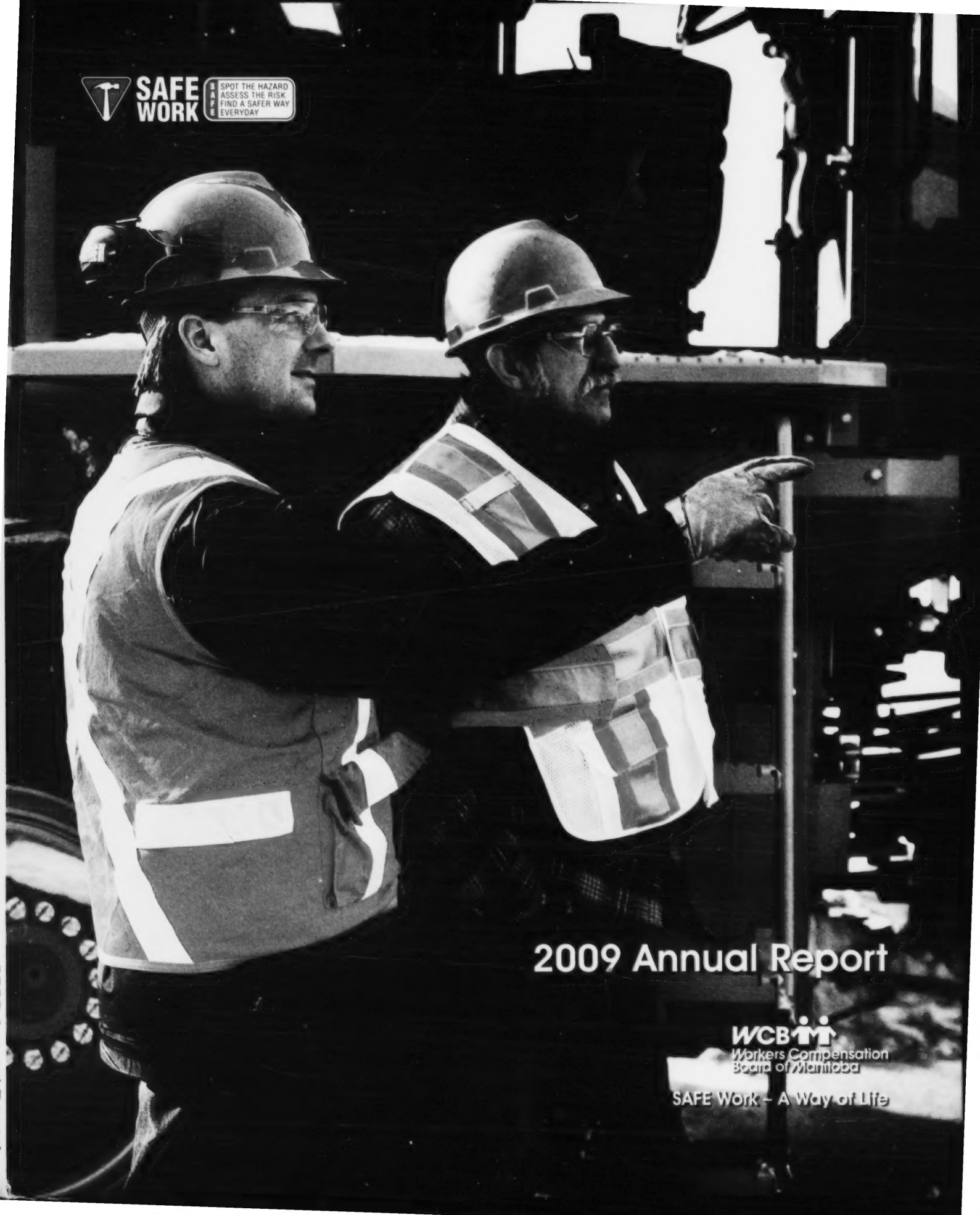


2009 Annual Report

WCB
Workers Compensation Board of Manitoba

SAFE Work – A Way of Life

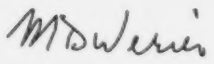
Letter to the Minister

The Honourable Jennifer Howard
Minister Responsible for *The Workers Compensation Act*
Room 317, Legislative Building
Winnipeg, Manitoba
R3C OV8

Dear Minister:

We are pleased to present our 2009 Annual Report in accordance with the provisions of *The Workers Compensation Act*. This report covers the 12-month period from January 1, 2009 to December 31, 2009. It includes the statements of accounts required to be kept under the Act.

Respectfully submitted,



Michael D. Werier
Chairperson

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To learn about the WCB's future plans, please refer to the 2010-2014 Five Year Plan at www.wcb.mb.ca.

About the WCB

The Workers Compensation Board of Manitoba (WCB) is a mutual workplace injury and disability insurance agency funded by employer premiums. With a mandate to prevent workplace injuries and illnesses, the WCB is committed to building a culture of health and safety throughout Manitoba.

Staff

The WCB workforce is made up of approximately 500 people, all dedicated to providing excellent service to Manitoba workers and employers. The organization's people represent a diverse cross-section of Manitoba's cultural landscape. To help staff develop their skills and abilities, the WCB offers a wide range of professional development opportunities.

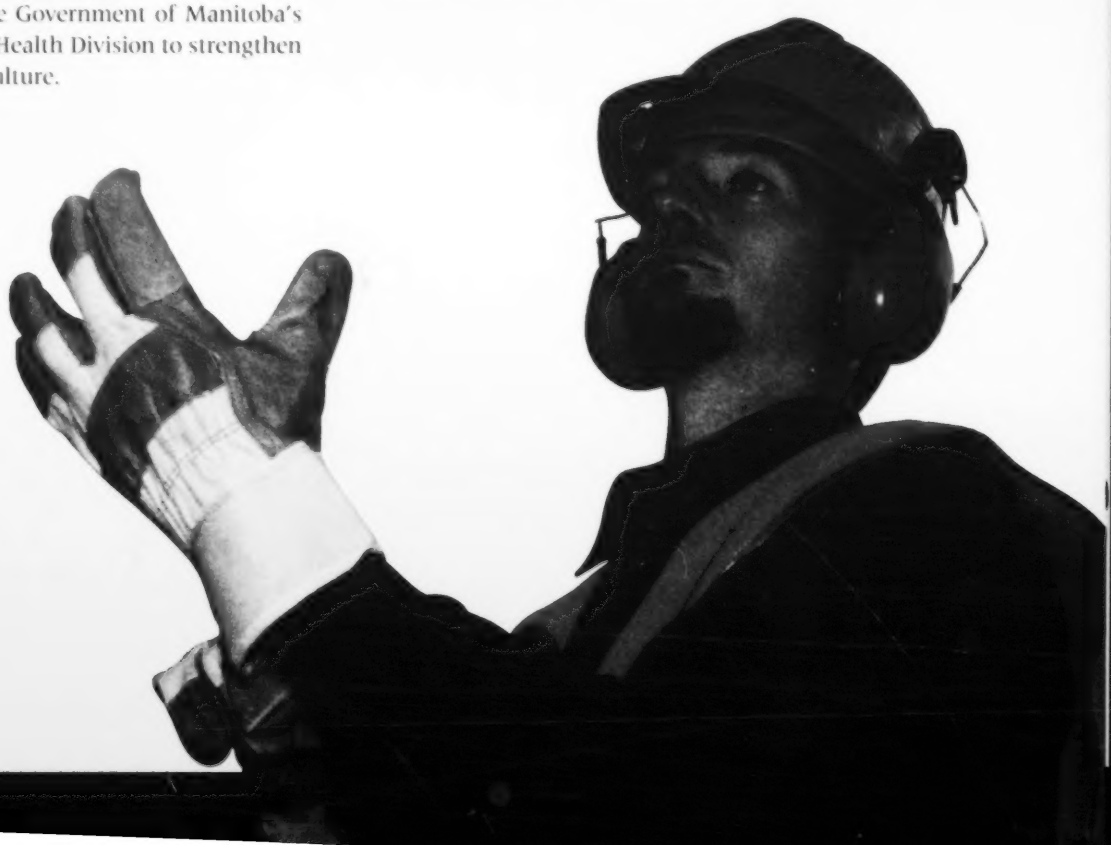
Services and Benefits

The WCB is here to help Manitoba workers and employers prevent workplace illnesses and injuries from occurring. To achieve this goal, the organization has partnered with the Government of Manitoba's Workplace Safety and Health Division to strengthen the province's safety culture.

If people are hurt or become ill as a result of their work, the WCB is here to help, offering a wide range of benefits to assist injured workers in returning to health and meaningful work as soon as safely possible. Some of the benefits offered include:

- replacement of lost income
- healthcare treatments and payment of medication costs
- employment retraining
- lump sum payments for permanent impairments
- benefits to partners and children in the event of a workplace fatality.

"The WCB is committed to building a culture of health and safety throughout Manitoba."



Vision, Mission and Values

Vision

SAFE Work – A Way of Life

Mission

Working with its partners, the Workers Compensation Board of Manitoba promotes safe and healthy workplaces, promotes recovery and return to work, provides compassionate and supportive compensation services for workers and employers, and ensures responsible financial stewardship.

Values

We are committed to being a safe workplace that:

- operates with fairness, integrity and respect
- provides services that are fast, easy, caring, right and clear
- strives for excellence
- manages our resources efficiently and effectively
- operates in an open and transparent manner
- is accountable to the public and our partners
- develops our staff and provides a supportive, innovative and creative environment
- meets the diverse needs of our clients in a comfortable and welcoming way
- provides a respectful and diverse workplace reflective of Manitoba
- works collaboratively with our partners
- is a valued member of the community.

Message from the Chairperson

The Board of Directors establishes the WCB's strategic direction, approves the policies that guide the organization, and monitors the progress that the organization makes towards reaching its strategic goals. The work of the Board benefits from experienced and diverse representation of the interests of employers, workers and the community.

In 2009, the Board confirmed its priorities, namely: preventing workplace injuries, maintaining a strong service culture, supporting effective, safe and timely return to meaningful work, and ensuring fiscal responsibility. These priorities continue to be reflected in the framework of the WCB's strategic planning and reporting cycles.

The Board was pleased with the significant progress that was made in its priority areas in 2009. As noted throughout this Annual Report, the number of workplace injuries declined, injured workers returned to health and work sooner, the average assessment rate remained steady, and good progress was made in rebuilding financial reserves.

The Board remains committed to strong governance. In 2009, the Board's governance activities included revising its by-laws, restructuring its committees and recruiting an external member to the Audit Committee.

Since assuming the role of Chairperson in April, I have been impressed with the qualifications, engagement and commitment of Board members in guiding the WCB to fulfill its mission. I would like to thank my predecessor, Tom Farrell, for his legacy as a strong Chairperson. I would also like to acknowledge and thank our dedicated Board members for their active participation in guiding the organization through challenging times.

On behalf of my colleagues, I thank WCB staff, management and executive for their hard work in 2009 in support of the Board's vision of SAFE Work – A Way of Life.

Michael D. Werier
Chairperson

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Michael D. Werier
Chairperson

Message from the President and CEO

I am pleased to be able to report that over the past year we made important progress on our key priorities.

We have a dedicated team of professionals at the WCB who have worked hard to support both workers and employers in preventing injuries, in providing a high level of service when an injury occurs, and in supporting a timely and safe return to work. In 2009, our efforts in these areas were rewarded with fewer injuries, improved service and with more prompt and effective return to health and work.

These results, combined with a significant improvement in our investment performance, allowed us to improve our financial position considerably over the 2008 year end. Our financial reserves more than doubled, although they have not yet returned to early 2008 levels. We held our average premium rate steady at $1.60 per $100 of payroll, one of the lowest in the country.

Injury prevention is an important focus of the work that we do at the WCB. Building on the momentum of last year's SAFE Work campaign, we targeted youth in our public awareness efforts to educate them about their rights and to drive home the importance of workplace safety and prevention. As well, we launched a campaign about preventing musculoskeletal injuries.

We witnessed a decrease in the time loss injury rate in 2009 from 4.0 to an estimated 3.8 time loss injuries per 100 workers.

As part of our return to work efforts, our staff reached out to workers and employers in a variety of industries, promoting the importance and benefits of returning injured workers to safe and productive work. We saw some successes we can build on as workplaces reaped the benefits of embracing progressive return to work and disability management practices.

"Injury **prevention** is an important focus of the work that we do at the WCB."

We continued to improve our processes and technology to provide services more quickly and efficiently while concentrating on accuracy.

The WCB welcomed more than 2,000 new employers and about 10,000 new workers into the compensation system as a result of the extension of coverage that took effect in 2009.

As a valued member of the community, we continued to support diversity initiatives and to enhance our commitment to health and wellness, helping to make the WCB an employer of choice.

As I look back on 2009, I am proud of the dedication and commitment of WCB staff and look forward to continuing to provide Manitoba workers and employers with quality, timely and compassionate service.

Doug Sexsmith
President and CEO

Board of Directors and Board Committees

By statute, the Board of Directors consists of 10 members appointed by the Government of Manitoba after consultation with employers, labour and the public. The tripartite representation includes a neutral Board Chairperson, three representatives of workers, three representatives of employers, and three representatives of the public interest. The Chief Executive Officer is a non-voting member of the Board of Directors.

As stewards of the compensation system, the Board of Directors plans for its future. The Board sets the WCB's strategic direction, makes policies about compensation, rehabilitation, assessment and investment of the funds within the investment portfolio, and monitors progress in these areas.

Back row *(left to right)*: Ken Sutherland, Ilana Warner, Paul Challoner, Doug Sexsmith, Michael Werier, Robert Dewar, Carla Kematch, Rob Labossiere

Bottom row *(left to right)*: Ron Hambley, Jane MacKay

Absent: Wendy Sol

Board of Directors

Tom Farrell	Chairperson *(to March 2009)*
Michael Werier	Chairperson *(from April 2009)*
Robert Dewar	Worker Representative
Rob Labossiere	Worker Representative
Wendy Sol	Worker Representative
Paul Challoner	Employer Representative
Ron Hambley	Employer Representative
Jane MacKay	Employer Representative
Carla Kematch	Public Interest Representative
Ken Sutherland	Public Interest Representative
Ilana Warner	Public Interest Representative
Doug Sexsmith	Chief Executive Officer *(non-voting member)*

Policy, Planning, Governance and Service Committee

The Policy, Planning, Governance and Service Committee reviews and recommends changes to existing policy, initiates new policy through consultation with stakeholders, oversees strategic planning and governance, monitors service improvements and human resource activities, reviews injury prevention initiatives, and recommends approval of funding under the WCB's Research and Workplace Innovation Program.

Jane MacKay	Committee Chairperson and Employer Representative
Ilana Warner	Public Interest Representative
Robert Dewar	Worker Representative
Tom Farrell	Chairperson *(to March 2009)*
Michael Werier	Chairperson *(from April 2009)*
Doug Sexsmith	Chief Executive Officer *(non-voting member)*

Note: Effective April 1, 2009 the Policy, Planning and Governance Committee and the Service and Human Resources Committee were combined to form the Policy, Planning, Governance and Service Committee.

Investment and Finance Committee

The Investment and Finance Committee develops policies for the prudent investment of the WCB's investment portfolio, regularly reviews and advises the Board of Directors about the status of the WCB's investments and makes recommendations to the Board about the engagement of appropriate investment managers. The Committee is responsible for overseeing the WCB's financial position, including the annual budget, assessment rates, financial projections, and related accounting and financial policies. As well, the Committee monitors the performance of the WCB's employee pension plan and reviews and approves contracts of significant value.

Paul Challoner	Committee Chairperson and Employer Representative
Ken Sutherland	Public Interest Representative
Rob Labossiere	Worker Representative
Bob Darling	External Investment Member
Tom Farrell	Chairperson *(to March 2009)*
Michael Werier	Chairperson *(from April 2009)*
Doug Sexsmith	Chief Executive Officer *(non-voting member)*

Audit Committee

The Audit Committee assists the Board in fulfilling its oversight responsibilities and reviews and advises the Board of Directors about the annual report and audited financial statements. The Committee also reviews risk management systems, meets with external and internal auditors, approves internal audit activities, and makes recommendations to the Board about the WCB's internal control procedures, standards of conduct, and conflict of interest guidelines.

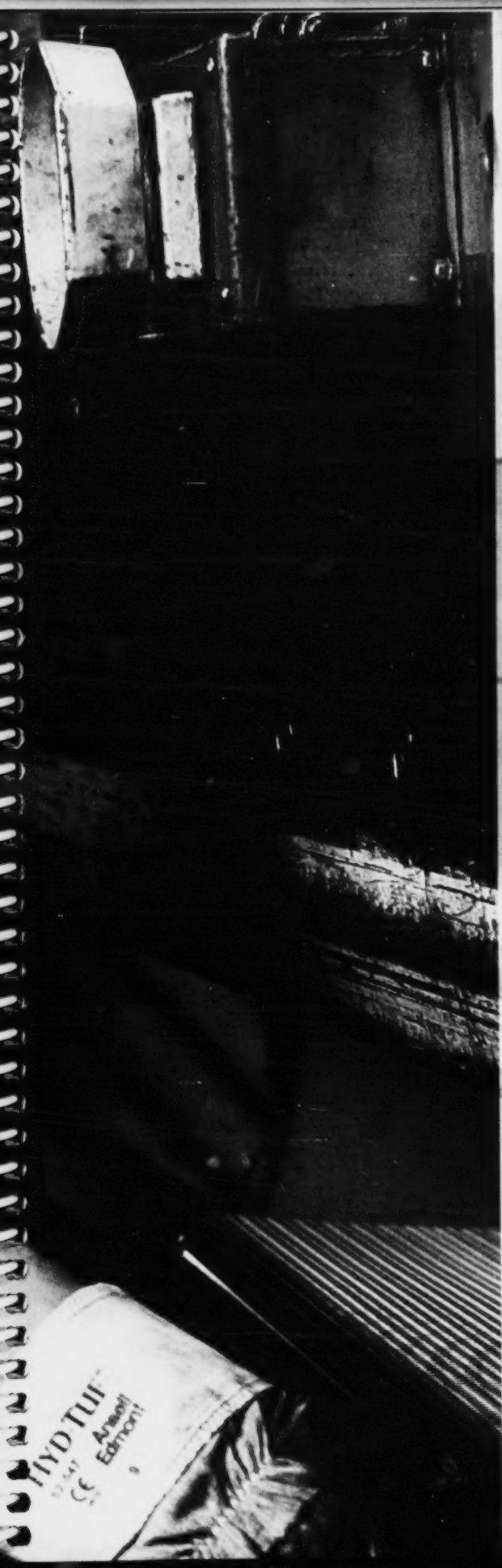
Ron Hambley	Committee Chairperson and Employer Representative
Wendy Sol	Worker Representative
Carla Kematch	Public Interest Representative
Tom Farrell	Chairperson *(to March 2009)*
Michael Werier	Chairperson *(from April 2009)*
Doug Sexsmith	Chief Executive Officer *(non-voting member)*

Executive Team

Top row *(left to right)*: **Robert Campbell**, Vice President, Human Resources, Information Technology and Administrative Services; **Doug Sexsmith**, President and Chief Executive Officer; **David Scott**, Vice President, Rehabilitation and Compensation Services; **Warren Preece**, Director, Communications; **Stu Charles**, Chief Information Officer.

Bottom row *(left to right)*: **Lorena Trann**, Chief Financial Officer; **Lori Ferguson Sain**, General Counsel and Corporate Secretary; **Alice Sayant**, Vice President, Prevention, Assessments and Customer Service.

SAFE Work – A Way of Life



WCB Themes

There are four themes that provide a framework for how the WCB conducts business and organizes activities to meet the needs of stakeholders:

Prevention

Preventing Injuries and Illnesses Through Promotion, Protection and Education

Recovery

Returning Workers to Health and Work

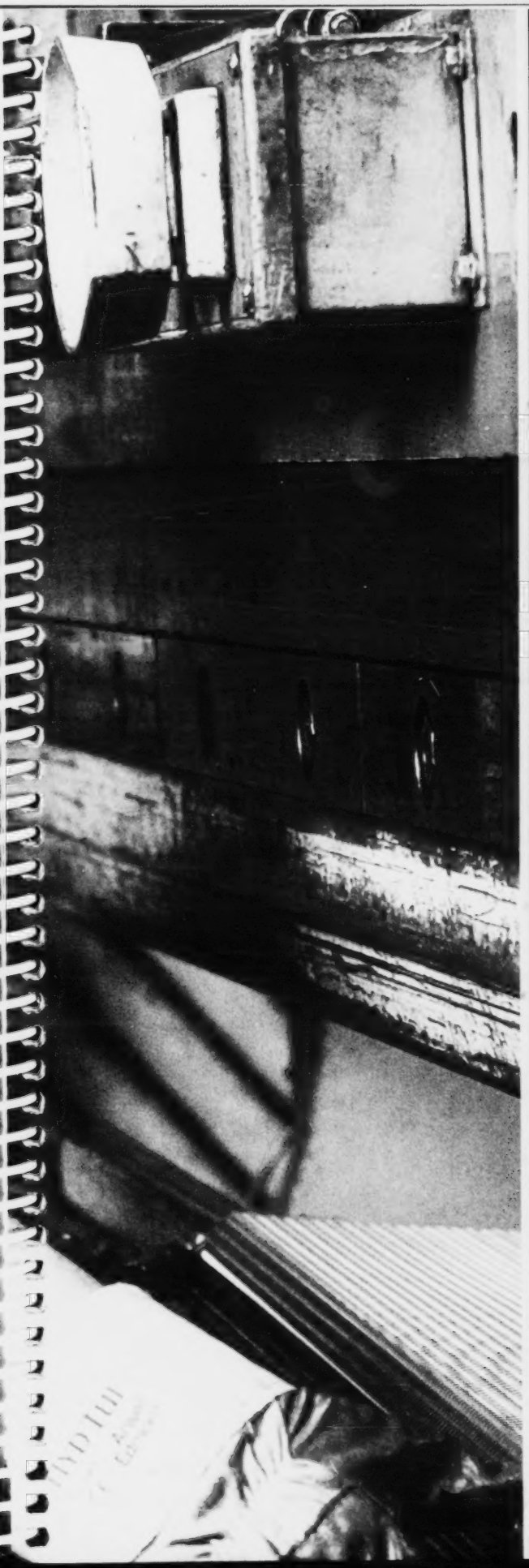
Service

Continuously Improving Services to Workers and Employers

Stewardship

Effectively Managing Human, Technological and Financial Resources

SAFE Work – A Way of Life



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Stewardship

Effectively Managing Human, Technological and Financial Resources

Brewers Distributor Ltd.'s Story

Partners in Prevention Program Helps Company Reduce Workplace Injuries

Like many Manitoba companies, Brewers Distributor Ltd. (BDL) is concerned about workplace safety. So when the WCB's SAFE Work Services team approached BDL at the end of 2008, they were open to meeting.

"We wanted to reduce our injury rate so when we were contacted by SAFE Work, the lights were already on," says Birnie McIntosh, BDL's Manager of Human Resources – Prairie Region.

SAFE Work Co-ordinator Peter Malegus approached BDL after learning that their number of injuries was higher than average. Upon meeting with Peter, the company learned about the Partners in Prevention program. "We discussed the analysis I would provide and the expectations of working together," says Peter.

"The consulting was top notch," says Birnie. "We learned about the level of work and commitment required to be successful. Peter was very helpful. Throughout the process, our staff worked with him as part of a team to develop solutions that made sense for our business and our employees."

The consultation included an assessment of BDL's safety and health and return to work programs, which involved a documentation review, interviews, observation and a safety climate survey. "After reviewing their programs, we worked together to develop recommendations for improvements to strengthen their safety and health and return to work programs," says Peter.

The workplace safety changes that BDL implemented resulted in significant gains. In 2009, the company boasted a 45 per cent reduction in time loss injuries and a 67 per cent reduction in direct claim costs (i.e. wage loss and medical expenses) over the previous year. BDL also had its first assessment rate decrease since 2003.

To read more, go to www.wcb.mb.ca.

Prevention

Preventing workplace injuries and illnesses is one of the most important activities the WCB engages in to improve the lives of Manitoba workers, their families and employers. The WCB's vision, SAFE Work – A Way of Life, reflects the importance of prevention and guides the work done to make workplaces safer and healthier.

SAFE Work – A Way of Life

Building on the momentum of the 2008 Spot the Hazard youth campaign, the WCB, in partnership with the Manitoba Government's Workplace Safety and Health Division, launched the next phase of this campaign in the summer of 2009. Targeting workers between the ages of 15 and 24, the campaign focused on the second part of the SAFE Work personal risk management model: Assess the Risk.

Messaging included workplace safety webisodes at www.safemanitoba.com where youth were challenged to assess the risk in four workplace scenarios that represented some of the top injuries that occur among youth, such as back and hand injuries, and ankle sprains. The campaign also educated youth about their workplace rights.

In the fall of 2009, the WCB launched another campaign. This one promoted the prevention of musculoskeletal injuries and featured the following message: "Sprains, Strains and Tears are 60 per cent of all workplace injuries. They are 100 per cent preventable."

Building a Culture of Safety and Health

The WCB and its partners are leading the way in workplace safety and health innovation. An example of this successful strategy is www.safemanitoba.com, a popular online safety resource. In 2009, the WCB optimized the website's search functions, developed interactive Frequently Asked Questions and an injury statistics reporting tool, and launched an online youth safety survey. These site improvements, combined with the Assess the Risk youth campaign, quadrupled the number of website visits from 2008 to 2009.

The WCB's partnerships continued to flourish in 2009, including SAFE Roads, the SAFE Momentum campaign and the SAFE on Site internship program. As well, the WCB hosted the North American Occupational Safety and Health awards celebrating workplaces' commitment to prevention.

The WCB will continue to work with its partners to change the belief that workplace injuries are inevitable and to reduce the number of on-the-job injuries.

Promoting SAFE Work in Manitoba Workplaces

The WCB recognizes it is important for employers to understand how preventing workplace injuries, along with assisting workers to return to health and work after an injury, will ultimately lead to lower assessment rates. In 2009, a pilot program was conducted to provide approximately 10,000 employers with more detail about how their assessment rates are calculated, drawing a strong connection from a firm's claim experience to the calculation of its annual rate. Employers welcomed information about where they stood compared to their industry as a whole.

The WCB's prevention strategy includes enhancing support to workplaces in their prevention endeavours. In 2009, the SAFE Work Services team made significant progress in this area by consulting with a number of Manitoba employers in a variety of industry sectors to help improve their injury prevention and return to work programs.

The SAFE Work Services team continued to deliver the WCB Basics workshop on a regular basis. This full-day interactive session provides insight into how to work with the WCB and covers such topics as claims management, assessments and dispute resolution. SAFE Work Services also launched a Return to Work Basics workshop that educates workplaces on the benefits of returning injured workers to safe and productive work.

Research and Workplace Innovation Program

The Research and Workplace Innovation Program (RWIP) provides an avenue for the WCB's community partners to help reduce the pain and suffering of Manitoba's injured workers and their families.

In 2009, after consulting with stakeholders to ensure their needs would continue to be met, the WCB implemented the RWIP to replace the former Community Initiatives and Research Program.

The RWIP provides up to $1 million annually, supporting research and workplace innovation activities that help keep Manitobans safe at work, or recover and return to meaningful work as quickly as possible if they are injured on the job.

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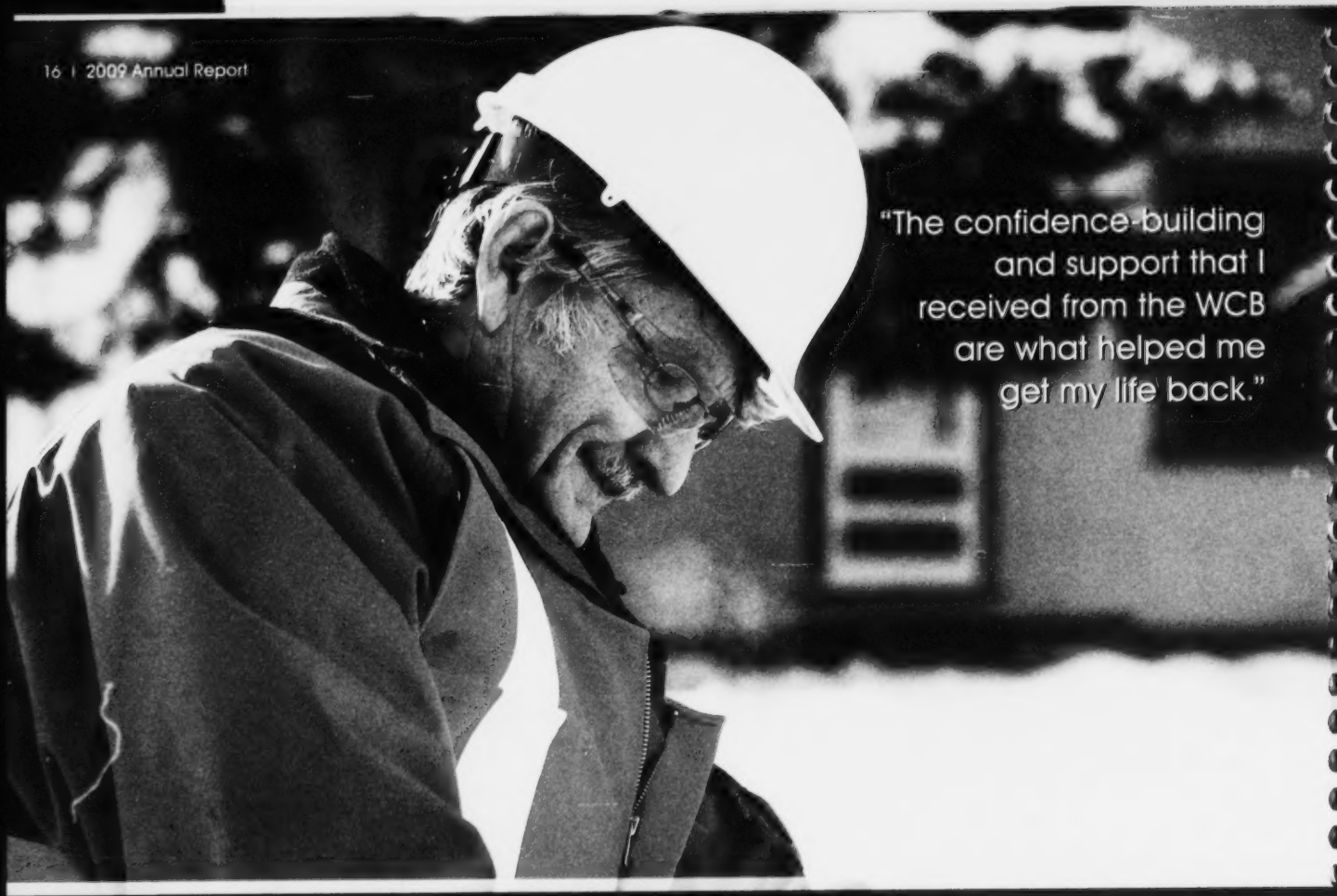

John's Story

WCB Provides Brain-Injured Worker with Support to Return to Work

John Sochan wakes up every morning and is thankful to be alive.

Three years ago, while obtaining a routine sewage sample as part of his job with the City of Dauphin's Water and Waste Department, John slipped on an icy lagoon surface, falling and hitting his head.

He suffered a skull fracture which left his brain partially paralyzed. He recalls almost nothing of the incident.

"It was like I had whiplash in my head; the pain was unbearable," he says. "The doctors told me it's a medical miracle that I survived."

Because of the physical damage to his brain, John's cognitive processes were affected, leaving him unable to remember simple tasks like how to get dressed, dial a phone number or drive his car.

After meeting with WCB Case Manager Chris Poot, John slowly began to learn how to retrain his brain and keep it active.

"Chris was very knowledgeable about head injuries, and his encouragement gave me the confidence and hope I needed to get going in the right direction," says John.

Six months after his injury, John returned to a part-time retail job he'd previously had, working a few hours a day and gradually building up to full days.

"It was a scary step for John, but important for him to start small and get back into a routine," says Chris. "His progress was excellent, which is a testament to his strong will and determination."

Just over a year after his injury, John was back to a modified version of his original job, based on a tailored plan that the WCB developed with the City of Dauphin.

To read more, go to www.wcb.mb.ca.

Recovery

When a worker suffers a workplace injury or illness, the WCB is here to help. Effective return to work helps make recovery faster and more complete, which is why the WCB is committed to helping injured workers get back to health and meaningful work as soon as safely possible.

Return to Health and Work

One of the WCB's key priorities is actively assisting workers to return to health and work as soon as safely possible. Each year, the organization's dedicated staff support thousands of workers through their recovery periods, helping them to return to work and become productive members of their workplace following occurrences of workplace injuries and illnesses. In 2009, the WCB's recovery strategy included a number of initiatives aimed at ensuring the organization is doing everything in its power to support workers and employers in an effective and safe return to meaningful work.

The WCB took a proactive role in promoting activity as a vital component to a better recovery. As part of its approach to early intervention, the organization launched a back care pilot program for injured workers in selected industry sectors, featuring a self-administered questionnaire and back care booklet. The program's main message is the importance of staying active and that activity contributes to a quicker recovery.

Also in 2009, the WCB's new Return to Work Basics workshop provided the opportunity for Case Management and SAFE Work Services to work together on educating employers about the benefits of having effective return to work programs.

Healthcare Delivery

In 2009, the Healthcare Services department expanded the provision of internal healthcare service options for WCB stakeholders. A pilot program was conducted in Case Management that expanded the role of physiotherapists to provide healthcare opinions on return to work and other issues. As well, physiotherapy consultants played a greater role in assessing permanent impairments, which helped to improve service to injured workers. A nurse was also hired to assist in assessing the needs of injured workers.

The process for providing internal medical opinions was reviewed, which identified opportunities for faster responses through process improvement and enhanced staff training. In addition, voice recognition technology was introduced to selected healthcare advisors to help reduce turnaround times.

Outreach Activities

Outreach played a key role in educating staff about recovery issues. In addition to encouraging staff to pursue disability management certification, the WCB partnered with Manitoba Public Insurance in joint training sessions, where staff attended presentations by an expert in the assessment, treatment and management of pain.

WCB medical advisors and physiotherapists also delivered presentations at the university level to share expertise with the healthcare community and educate those entering the field of medicine.

Focus on Quality

In 2009, reviews of Case Management structure and processes were undertaken to ensure timely and effective claim handling. Co-ordination between WCB doctors and external healthcare providers was enhanced to improve the quality of healthcare opinions. Other quality assurance initiatives included targeted reviews of a number of distinct claim populations and reviews of the quality of case plans.

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"It was like I had whiplash in my head; the pain was unbearable," he says. "The doctors told me it's a medical miracle that I survived."

Because of the physical damage to his brain, John's cognitive processes were affected, leaving him unable to remember simple tasks like how to get dressed, dial a phone number or drive his car.

After meeting with WCB Case Manager Chris Poot, John slowly began to learn how to retrain his brain and keep it active.

"Chris was very knowledgeable about head injuries, and his encouragement gave me the confidence and hope I needed to get going in the right direction," says John.

Six months after his injury, John returned to a part-time retail job he'd previously had, working a few hours a day and gradually building up to full days.

"It was a scary step for John, but important for him to start small and get back into a routine," says Chris. "His progress was excellent, which is a testament to his strong will and determination."

Just over a year after his injury, John was back to a modified version of his original job, based on a tailored plan that the WCB developed with the City of Dauphin.

To read more, go to www.wcb.mb.ca.

Recovery

When a worker suffers a workplace injury or illness, the WCB is here to help. Effective return to work helps make recovery faster and more complete, which is why the WCB is committed to helping injured workers get back to health and meaningful work as soon as safely possible.

Return to Health and Work

One of the WCB's key priorities is actively assisting workers to return to health and work as soon as safely possible. Each year, the organization's dedicated staff support thousands of workers through their recovery periods, helping them to return to work and become productive members of their workplace following occurrences of workplace injuries and illnesses. In 2009, the WCB's recovery strategy included a number of initiatives aimed at ensuring the organization is doing everything in its power to support workers and employers in an effective and safe return to meaningful work.

The WCB took a proactive role in promoting activity as a vital component to a better recovery. As part of its approach to early intervention, the organization launched a back care pilot program for injured workers in selected industry sectors, featuring a self-administered questionnaire and back care booklet. The program's main message is the importance of staying active and that activity contributes to a quicker recovery.

Also in 2009, the WCB's new Return to Work Basics workshop provided the opportunity for Case Management and SAFE Work Services to work together on educating employers about the benefits of having effective return to work programs.

Healthcare Delivery

In 2009, the Healthcare Services department expanded the provision of internal healthcare service options for WCB stakeholders. A pilot program was conducted in Case Management that expanded the role of physiotherapists to provide healthcare opinions on return to work and other issues. As well, physiotherapy consultants played a greater role in assessing permanent impairments, which helped to improve service to injured workers. A nurse was also hired to assist in assessing the needs of injured workers.

The process for providing internal medical opinions was reviewed, which identified opportunities for faster responses through process improvement and enhanced staff training. In addition, voice recognition technology was introduced to selected healthcare advisors to help reduce turnaround times.

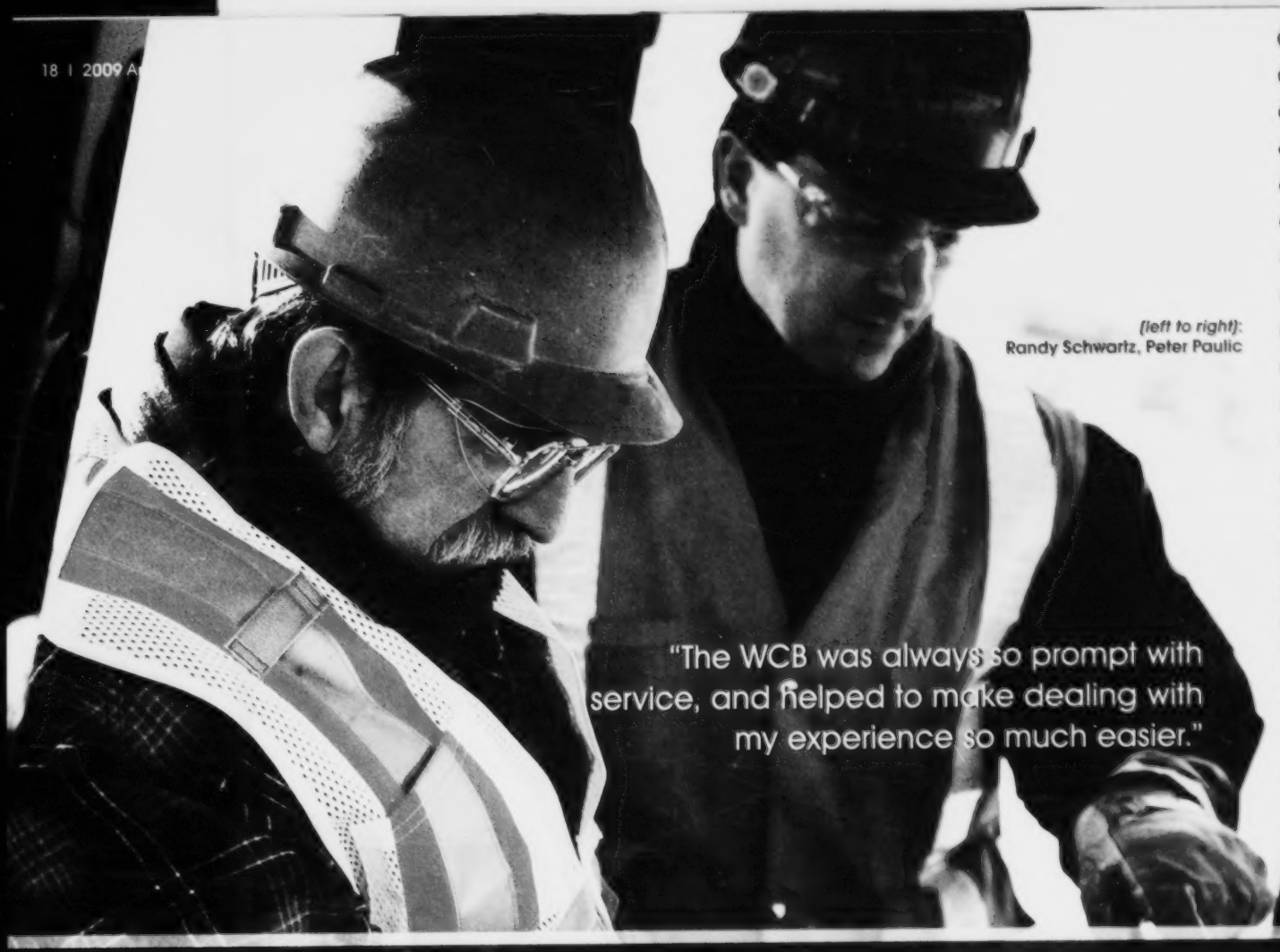
Outreach Activities

Outreach played a key role in educating staff about recovery issues. In addition to encouraging staff to pursue disability management certification, the WCB partnered with Manitoba Public Insurance in joint training sessions, where staff attended presentations by an expert in the assessment, treatment and management of pain.

WCB medical advisors and physiotherapists also delivered presentations at the university level to share expertise with the healthcare community and educate those entering the field of medicine.

Focus on Quality

In 2009, reviews of Case Management structure and processes were undertaken to ensure timely and effective claim handling. Co-ordination between WCB doctors and external healthcare providers was enhanced to improve the quality of healthcare opinions. Other quality assurance initiatives included targeted reviews of a number of distinct claim populations and reviews of the quality of case plans.



(left to right):
Randy Schwartz, Peter Paulic

Randy's Story

Personalized Service Exceeds Worker and Employer Expectations

When Randy Schwartz slipped and fell at work, the last person he expected to visit him at the hospital was his WCB case manager.

As a Heavy Equipment Operator with Smook Brothers, Randy suffered a pelvis fracture after slipping on ice. That same day, WCB Regional Case Manager Darlene Mulholland in Thompson paid him a visit.

"She came to my room right away and asked what had happened," recalls Randy. "She was very concerned, and it was clear that she really cared."

After Smook Brothers alerted Randy's wife to his workplace injury, the WCB helped to transport her between the hospital and their residence two hours away in Snow Lake. Staff from the WCB also met personally with the family and ensured that they were comfortably accommodated during their stay in Thompson.

"Throughout my recovery, I stayed in close contact with Darlene and the rest of the WCB staff," says Randy, who communicated regularly with his case managers. "They were always so prompt with service, and helped to make dealing with this experience so much easier."

Because of the small size of the WCB Thompson office, face-to-face service and accessibility are what injured workers and employers have come to expect and appreciate.

"The WCB does an excellent job of bringing a human factor to a crisis situation," says Peter Paulic, Vice-President of Smook Brothers. "In Randy's case, they delivered personalized service and were very proactive in making everyone feel comfortable. It's the little details that mean a lot, especially in a small town."

To read more, go to www.wcb.mb.ca.

Service

Providing superior service, both internally and externally, is at the root of all that the WCB does. Whether it's assisting workers or employers, the WCB is committed to living its value of providing service that is fast, easy, caring, right and clear.

Extension of Coverage

On January 1, 2009, legislation took effect to extend coverage to a range of non-compulsory industries in Manitoba. The WCB welcomed over 2,000 employers, primarily in agriculture, and about 10,000 new workers into the compensation system.

To make the process easier, the WCB developed the capacity for online pre-registration and sent each newly registered employer a copy of the Reference Guide to the WCB. Both these innovations have now become a part of the high level of service the WCB provides to employers.

Improving Service to Employers

In 2009, the WCB improved communication materials for employers, including streamlining account statements and providing letters that explain more about how assessment rates are calculated.

The WCB continued to develop a new electronic system for employer-related information, which will increase efficiency and enhance the level of service provided by Assessment Services.

As a participating program in Manitoba Business Links, the WCB now receives business information from the Manitoba Hub. This will help to reduce duplication for employers who deal with various government entities.

Focusing on Service Quality

The organization remains committed to managing and adjudicating claims in a proactive and timely way while continuing to provide service to both employers and workers.

Quality is a key priority at the WCB. Progressive staff training and quality assurance through file reviews and audits, including a quality control pilot program in the Short Term Claims area, all help to ensure that the organization provides service that is effective as well as timely.

As a service-focused organization, the WCB continued its *Good to Great* program in 2009 through which leaders shared their customer service expertise. The organization also held its first-ever Service Excellence Day to celebrate the service accomplishments of staff and solicit feedback on future initiatives.

Addressing Literacy Needs

To enhance accessibility and service to all customers, the WCB continued work on addressing the language, culture and literacy needs of its clients. Several recommendations were identified, including developing various communication materials in priority languages and using third party translation to ensure stakeholders with language and other barriers understand the WCB's services.

Occupational Disease Unit Enhancements

Occupational disease is an area that continues to emerge as a priority for the WCB. In response to the growing increase in claims in this area, staff was added to the unit and training programs and materials have been developed. The WCB will continue to take steps to remain up to date on this emerging workplace issue.

(left to right)
Randy Schwartz, Peter Paulic

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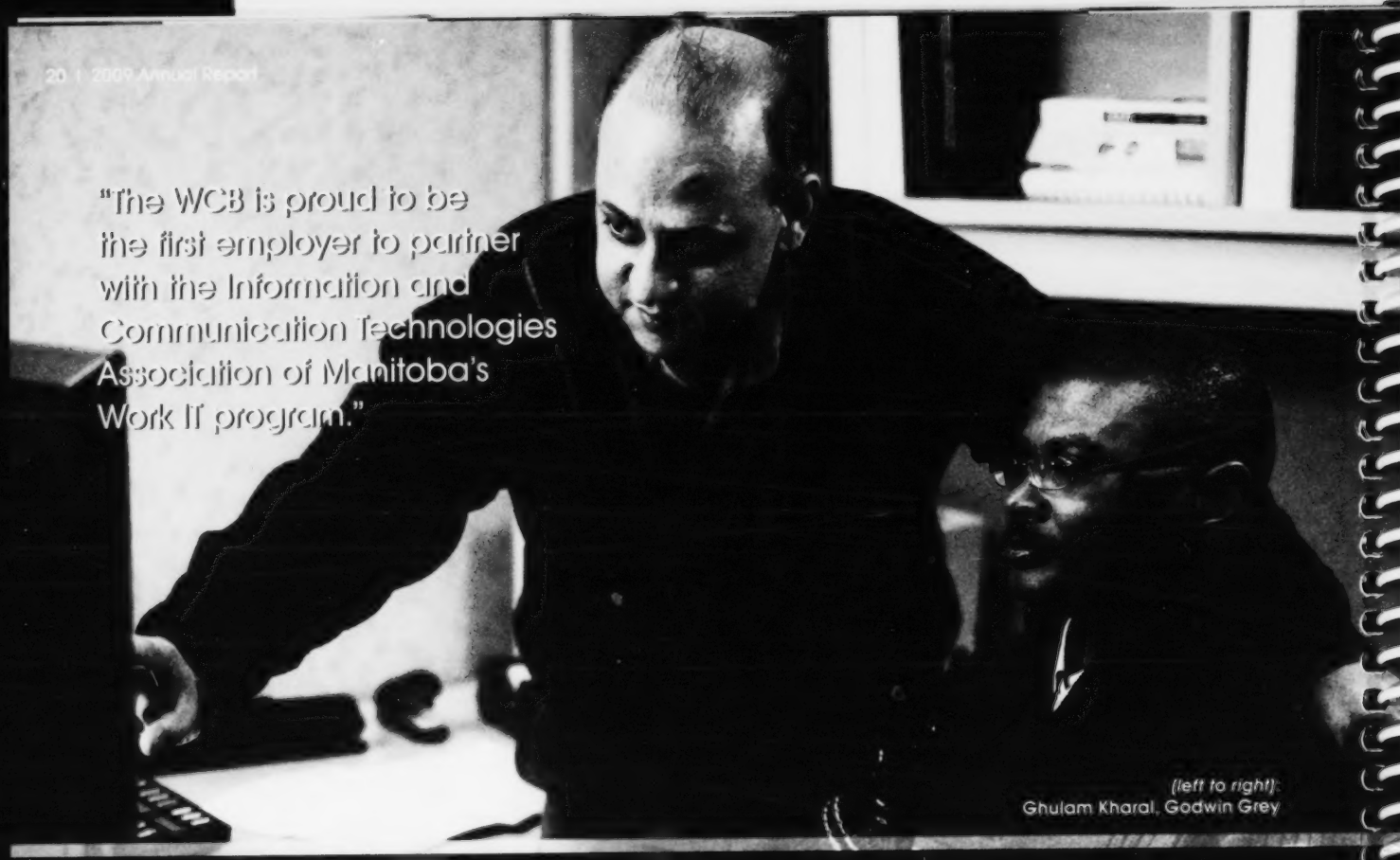
"The WCB is proud to be the first employer to partner with the Information and Communication Technologies Association of Manitoba's Work IT program."

(left to right): Ghulam Kharal, Godwin Grey

Godwin Grey's and Ghulam Kharal's Story

Information Technology Workers Find Home in Winnipeg, Work at WCB

Like many new Canadians, Godwin Grey and Ghulam Kharal came to Manitoba to make a better life for their families. Both were information technology (IT) professionals in their native countries and upon arriving in Winnipeg in 2005, they were surprised to have difficulty finding work.

Godwin Grey had an electrical engineering degree from the University of Nigeria and several years of experience working as a systems analyst and database administrator. He was the first university graduate in his family.

After a number of interviews, he landed a couple of part-time jobs, including technical support in a call centre and a network administrator position.

Then Godwin became linked with Success Skills, an organization that helps immigrant professionals find employment. The organization referred him to the Information and Communication Technologies Association of Manitoba (ICTAM) to participate in the Work IT program. The initiative enables employers to access internationally educated professionals for jobs in information technology.

"ICTAM knows how to match the right professional with the right company," says Godwin. In April, he became the WCB's newest database analyst. "It's exciting because I am finally doing what I like to do."

His new work/life balance is appreciated by his family because he no longer works evenings and weekends to make ends meet. "My family is happy and so am I."

After Ghulam Kharal arrived in Winnipeg from Pakistan, he also looked for work in the IT sector. With a master's degree in mathematics and a diploma in software engineering, Ghulam searched for work and found that employers wanted Canadian work experience or Canadian education.

For three years, he did customer support for an Internet company. After obtaining Canadian credentials in Java programming and going to Success Skills, Ghulam was also referred to ICTAM and the Work IT program. He began working at the WCB as a software specialist in March 2009.

To read more, go to www.wcb.mb.ca.

Stewardship

The WCB provides prudent stewardship of its finances, technology, policies and people. As well, the organization is aware of its obligation to the larger Manitoba community, partnering every year with a variety of organizations and safety initiatives to make a positive contribution to the province.

Building Financial Strength

In 2009, the WCB's financial position improved significantly. Investment returns were back in positive territory at 10.8 per cent (-11.6 per cent in 2008) and the cost of claims was notably lower.

During 2009, the investment markets rallied from the weak returns experienced in 2008, producing positive revenue results for the WCB.

In 2009, the cost of claims was below budget and significantly less than 2008 costs due to fewer injuries and lower duration of time loss claims. These results were supported by the WCB's prevention and return to health and work efforts.

The goal in 2009 was to begin rebuilding the reserves toward the target. The amount is based on a calculation aimed at maintaining an appropriate reserve level for an insurance organization of this size. Due to the positive cost and investment results, the WCB's reserves increased $80 million – an outcome that was well above expectation.

The WCB readied itself to adopt International Financial Reporting Standard (IFRS). The Canadian Accounting Standards Board requires implementation of IFRS in 2011. A WCB project team was put in place to facilitate this transition.

Community Leadership

The WCB is committed to being a valued member of the community by partnering with and supporting organizations such as the Information and Communication Technologies Association of Manitoba, the United Way of Winnipeg, the Canadian Museum for Human Rights, and the Downtown Winnipeg BIZ.

The WCB acknowledges Manitoba's heritage and is a proud sponsor of the Manitoba Aboriginal Youth Achievement Awards, in addition to being a long term supporter of the Aboriginal Business Education Program at the University of Manitoba. As well, the WCB has a partnership agreement with Connect Employment Services, an organization that provides job opportunities for persons with intellectual disabilities.

In 2009, the WCB continued to build its diverse workforce by providing internship opportunities and hiring candidates throughout the organization in full-time and summer positions.

Strength Through People

The WCB negotiated a new four-year contract with CUPE Local 1063. The organization also conducted a workforce analysis and worked toward completing a succession management plan to build the capacity of current staff, ensuring the WCB is able to meet staffing needs in the coming years.

Because the WCB values the health and safety of its staff, the organization put measures in place to respond to the H1N1 pandemic, implemented additional building security measures, and completed an ergonomic program.

Achieving Operational Excellence

In 2009, the WCB continued to use business process renewal and project management methodologies to improve service efficiency. The organization made system management enhancements to improve its capacity to store, back up and recover data.

Whistleblower Legislation

In compliance with *The Public Interest Disclosure (Whistleblower Protection) Act*, the WCB has whistleblower disclosure procedures in place. There were no disclosures reported in 2009.

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SAFE Work – A Way of Life

Financial Report

Management's Responsibility for Financial Information

The consolidated financial statements of the WCB were prepared by management, which is responsible for the integrity and fairness of the data presented, including significant accounting judgments and estimates. This responsibility includes selecting appropriate accounting principles consistent with generally accepted accounting principles in Canada. Financial information contained elsewhere in this annual report conforms to these financial statements.

Management believes the system of internal controls, review procedures and established policies provide reasonable assurance that relevant and reliable financial information is produced and that assets are properly safeguarded. Management also believes that the WCB's operations are conducted in conformity with the law and with a high standard of business conduct. The internal auditor performs periodic audits designed to test the adequacy and consistency of the WCB's internal controls.

The Board of Directors is responsible for overseeing management in the performance of its financial reporting responsibilities and approved the financial statements and other financial information included in this annual report on March 16, 2010.

The Audit Committee assists the Board of Directors in its responsibilities. This Committee reviews and recommends approval of the consolidated financial statements and annual report. Internal and external auditors and actuaries have unlimited access to the Audit Committee. The Committee reviews the financial statements and the other contents of the annual report with management and the external auditors, and reports to the Board of Directors prior to their approval for publication.

The Chief Actuary of the WCB completed an actuarial valuation of the benefit liabilities included in the financial statements of the WCB and reported thereon in accordance with accepted actuarial practices. The firm of Eckler Ltd. has been appointed as an independent peer reviewer to the WCB. The Chief Actuary's opinion on the valuation of the benefit liabilities is provided on page 31. Eckler Ltd.'s actuarial review is provided on page 32.

Grant Thornton LLP, independent auditors appointed as a sub-agent to the Provincial Auditor General, has performed an independent audit of the consolidated financial statements of the WCB in accordance with Canadian generally accepted auditing standards. Their Auditors' Report, on page 33, outlines the scope of this independent audit and includes their opinion expressed on the 2009 consolidated financial statements.

Doug Sexsmith
President and CEO

Lorena B. Trann, CMA, FCMA
Chief Financial Officer

March 16, 2010

2009 Management Discussion and Analysis

As an integral part of the annual report, the management discussion and analysis provides further insights into the operations and financial position of the WCB and should be read in conjunction with the consolidated financial statements and supporting notes.

In 2009, the WCB improved its financial position considerably. Positive investment returns and reductions in the cost of claims were the basis for a total comprehensive income result of $80 million ($77 million better than budget).

Investment returns were 10.8 per cent, recorded as an investment loss of $6 million and other comprehensive income of $98 million. The resulting overall return of $92 million was $34 million better than budget.

Premium revenues were slightly better than budget at $247 million, with about 2,000 new employers obtaining coverage as a result of the extension of coverage that became effective in 2009.

The 2009 cost of claims of $199 million was $37 million under budget and $64 million less than 2008 costs. Reductions in the number of new injury claims – and the cost and duration of claims – were experienced in 2009. These results were due in part to the WCB's dedication to working with stakeholders on workplace injury prevention and return to work programs.

In total, the WCB's reserves increased from $61 million to $141 million, permitting the WCB to make significant headway toward the goal of rebuilding reserves toward the target level (calculated at $298 million for 2009). The WCB is fully funded with a funding ratio of 114.9 per cent.

Revenue

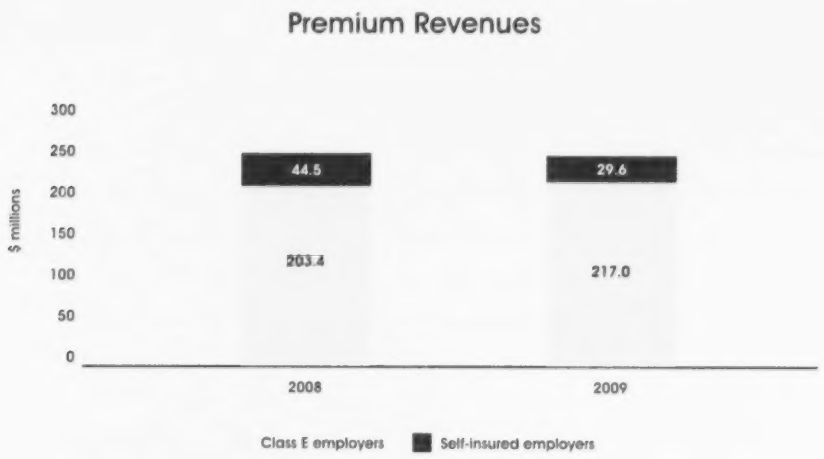
The WCB's revenue is derived from two sources: premium revenue and investment income.

Premium Revenues

Premium revenue is the largest revenue stream for the WCB. Premium revenue was $247 million in 2009 ($248 million in 2008), versus the budget of $244 million. The final average assessment rate per $100 of assessable payroll was $1.59, $0.01 under the budgeted average assessment rate of $1.60. Premiums are derived from Class E and self-insured employers:

- 2009 Class E employers' premiums were $217 million ($203 million in 2008), an increase of six per cent. Roughly half of the increase was due to the addition of about 2,000 new employers as a result of extension of coverage that took effect in 2009.
- 2009 self-insured employers' premiums, which are calculated based on claim costs incurred, were $30 million ($45 million in 2008), a 33 per cent decrease due to more favourable claims experience in 2009.

The chart below shows the components of 2009's premium revenue:



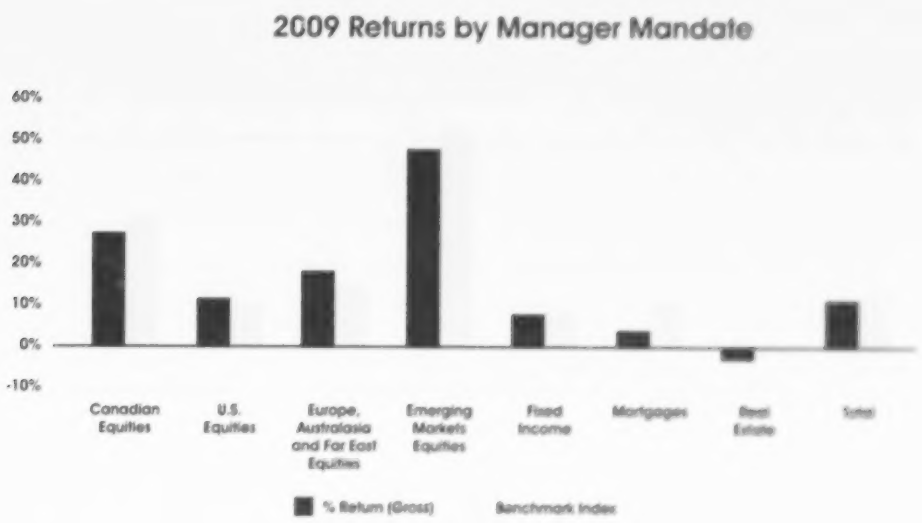
Investment Income

In 2009, the WCB experienced an investment income loss of $6 million from its investment portfolio (compared to investment income of $45 million in 2008). Investment income was budgeted at $56 million for 2009. The loss/income for the two years can be segmented as follows:

- interest and dividend income of $29 million in 2009 ($31 million in 2008)
- realized losses and real estate fair value decreases totalling $35 million in 2009 ($14 million of realized gains and real estate fair value increases in 2008).

The investment portfolio is comprised of a variety of asset classes as set by policy. At December 31, 2009, the portfolio had a market value of $973 million ($885 million at the end of 2008) and an asset mix of 61 per cent equities and 39 per cent fixed income (59 per cent equities and 41 per cent fixed income in 2008).

The WCB has engaged a number of professional investment managers. Each of these managers has a mandate as well as a benchmark rate of return to achieve. The gross returns before expenses by manager mandate and a comparison of this result to the benchmark returns are displayed in the following chart:



The investment portfolio's gross rate of return was 10.8 percent in 2009 (benchmark 13.2 per cent) and -11.6 per cent in 2008 (benchmark -12.2 per cent).

Claim Costs Incurred

Claim costs incurred are an estimate of the full costs for compensable injuries that occurred in 2009, together with adjustments to prior years' estimates. The estimates take into account claims that are in pay, reported but as yet unpaid claims, and unreported claims.

Claim costs incurred decreased $64 million (24 per cent) to $199 million in 2009.

Significant reductions in claim costs incurred were experienced in short term disability and healthcare benefits as a result of decreased injury claims and lower average cost and duration of these claims.

	Short Term Disability	Long Term Disability	Survivor Benefits	Healthcare Benefits	Rehabilitation Services	Total
(in millions of dollars)						
2009	48.0	65.7	13.5	70.8	0.8	198.8
2008	91.1	59.1	13.8	91.8	7.3	263.1
(Decrease) increase	(43.1)	6.6	(0.3)	(21.0)	(6.5)	(64.3)

Benefit Liabilities

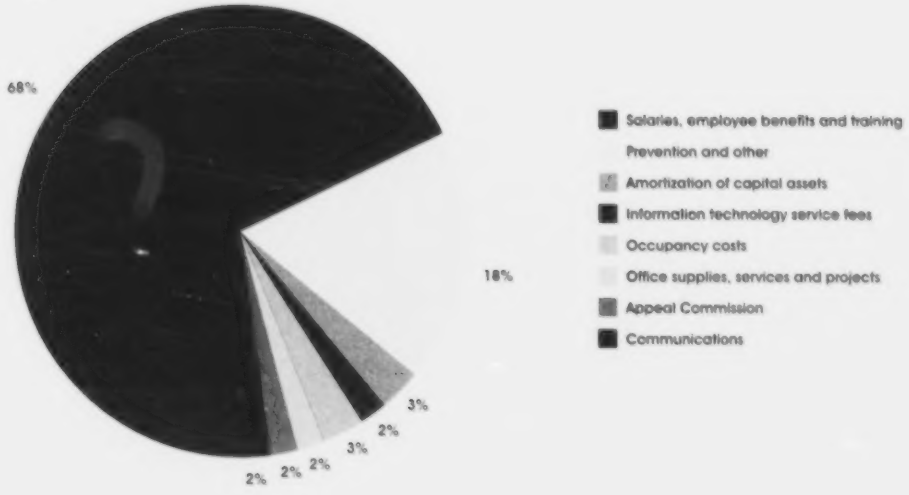
The benefit liabilities increased $10 million (one per cent) in 2009. The improved claims experience, discussed in the previous section titled *Claim Costs Incurred*, influenced this positive outcome.

	Short Term Disability	Long Term Disability	Survivor Benefits	Healthcare Benefits	Rehabilitation Services	Total
(in millions of dollars)						
2009	134.2	399.9	151.2	201.4	26.3	913.0
2008	150.9	387.2	153.0	183.9	28.5	903.5
(Decrease) increase	(16.7)	12.7	(1.8)	17.5	(2.2)	9.5

Operating Expenses

Operating expenses in 2009 were $60 million (unchanged from 2008) versus the budget of $63 million. Employee salary costs and benefits and funding for the Workplace Safety and Health Division increased, while Research and Workplace Innovation Program grants and corporate donations decreased.

Components of 2009 Operating Expenses



Operating Loss

The operating loss of $18 million decreased the accident fund reserve to $102 million.

Other Comprehensive Income and Total Comprehensive Income

The other comprehensive income for 2009 was $98 million, resulting in an accumulated other comprehensive income of $39 million as at December 31, 2009 ($59 million in accumulated other comprehensive loss in 2008).

The total comprehensive income for the year was $80 million, versus the budget of $3 million.

Balance Sheet

The 2009 funding ratio (ratio of total assets to total liabilities) was 114.9 per cent (106.6 per cent in 2008). This ratio is one measure of the financial strength of the WCB, as any amount over 100 per cent indicates the WCB is fully funded.

Total reserves (accident fund reserve and accumulated other comprehensive income) were $141 million ($61 million in 2008), which was below the target balance of $298 million set by the WCB's Funding Policy. The 2010 – 2014 Five Year Plan financials forecast reserve growth that will enable the WCB to move closer to the target balance.

International Financial Reporting Standards

The Canadian Accounting Standards Board announced in February 2008 that full implementation of International Financial Reporting Standards (IFRS) will be required for publicly accountable enterprises for fiscal years beginning on or after January 1, 2011. This will require the collection of comparative information for the year beginning January 1, 2010. The WCB is preparing for IFRS in the following ways:

Implementation Project

A project team is in place to facilitate the transition to IFRS compliant financial statements. IFRS expertise has been developed by training key project personnel.

Financial Statement Preparation

The WCB is analyzing and evaluating the impact of adopting IFRS accounting and reporting standards. Areas impacted include: capital assets, financial instruments, investment properties, employee benefits, and benefit liabilities. Accounting position papers, including estimates of the impacts of the change in accounting policy, have been prepared and further study will continue during 2010 to facilitate the selection of the most appropriate accounting policies from the IFRS options. As well, the WCB is carefully evaluating the optional elections available for first time adoption of IFRS.

Ongoing Change

Complicating the preparation for transition to IFRS is the continuing work of the International Accounting Standards Board and the Public Sector Accounting Board. Two important projects, Insurance Contracts and Post-Employment Benefits, are at the discussion paper stage and are expected to be followed by an exposure draft. The projects are expected to be completed in 2011, with a likely mandatory effective date of 2013 (with the option to adopt these standards earlier). The WCB will carefully monitor developments to make appropriate decisions with respect to the implementation of IFRS in 2011.

Actuarial Opinion

with respect to Future Benefit Liabilities of the Workers Compensation Board of Manitoba
based on an actuarial valuation as at December 31, 2009

I have completed an actuarial valuation as at December 31, 2009 of the benefit liabilities for insured and self-insured employers under *The Workers Compensation Act* of Manitoba as amended to the valuation date. The purpose of this valuation was to estimate the liabilities of the WCB with respect to injuries that occurred on or before the valuation date for inclusion in the 2009 financial statements.

My estimate of the liabilities as at December 31, 2009 is $913.0 million. This includes provisions for claims arising from specific long latent occupational diseases and for the future cost of administering claims.

I reviewed the data and have performed tests to confirm that they are reasonable and consistent with those used in the prior valuation. In my opinion, the data are sufficient and reliable for the purpose of the valuation.

The assumptions used are consistent with those of the prior valuation. The discount rates used are 6.0 per cent for non-indexed benefits, 3.0 per cent for inflation linked benefits, and 2.0 per cent for wage linked benefits and are unchanged from the previous valuation. The discount rate for healthcare benefits is unchanged at -0.5 per cent. The mortality assumption for disability and survivor benefits is the Manitoba Life Table 2000-02 which is the same as was used in the prior valuation.

The assumptions and methods used in the valuation, as described in my report, are based on the current practices and administrative procedures of the WCB and on historical claims experience. In my opinion, the assumptions used are, in aggregate, appropriate for the purpose of the valuation and the methods employed are appropriate for the purpose of the valuation.

The report on which this opinion is based has been prepared, and my opinion given, in accordance with accepted actuarial practice in Canada.

Respectfully submitted,

Michael Williams, F.S.A., F.C.I.A.
Chief Actuary, WCB

February 26, 2010

Actuarial Review

with respect to the Valuation of the Future Benefit Liabilities of the Workers Compensation Board of Manitoba
as at December 31, 2009

I have reviewed the actuarial valuation as at December 31, 2009 of the benefit liabilities for insured and self-insured employers under *The Workers Compensation Act* of Manitoba as amended to the valuation date. The valuation was performed by the Chief Actuary of the Workers Compensation Board of Manitoba. The purpose of the valuation was to estimate the liabilities of the WCB with respect to injuries that occurred on or before the valuation date for inclusion in the 2009 financial statements.

I have performed such tests of the data used, the assumptions made and the calculation models underlying the valuation as I considered necessary.

The valuation determined benefit liabilities as at December 31, 2009 to be $913.0 million. This includes provisions for claims arising from specific long latent occupational diseases and for the future cost of administering claims. In my opinion, this amount constitutes an appropriate provision for benefit liabilities as at December 31, 2009.

My review has been conducted, and my opinion given, in accordance with accepted actuarial practice in Canada.

Respectfully submitted,
Eckler Ltd.

A. Douglas Poapst, F.S.A., F.C.I.A.

February 26, 2010

Eckler Ltd.

Auditor's Report

To the Workers Compensation Board of Manitoba

We have audited the consolidated balance sheet of the Workers Compensation Board of Manitoba as at December 31, 2009 and the consolidated statements of operations and accident fund reserve, comprehensive income, changes in accumulated other comprehensive income and cash flows for the year then ended. These financial statements are the responsibility of the WCB's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the WCB as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

Grant Thornton LLP
Chartered Accountants
Winnipeg, Manitoba

March 10, 2010

Grant Thornton

Consolidated Balance Sheet

December 31, 2009
(in thousands of dollars)

	2009	2008
Assets		
Cash	$ 401	$ 1,103
Receivables and other (Note 4)	36,292	34,675
Investment portfolio (Note 5)	972,601	885,059
Deferred assessments (Note 7)	68,813	65,691
Capital assets (Note 8)	8,347	7,928
Intangible assets (Note 9)	4,185	4,108
	$ 1,090,639	$ 998,564
Liabilities and funded position		
Payables and accrued liabilities (Note 10)	$ 36,418	$ 33,492
Benefit liabilities (Note 12)	913,006	903,489
Total liabilities	949,424	936,981
Accident fund reserve	101,919	120,256
Accumulated other comprehensive income (loss)	39,296	(58,673)
Funded position	141,215	61,583
	$ 1,090,639	$ 998,564

Signed on behalf of the Board of Directors,

Michael D. Werier
Chairperson, Board of Directors

Ron Hambley
Audit Committee of the Board of Directors

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Operations and Accident Fund Reserve

Year Ended December 31, 2009
(in thousands of dollars)

	2009	2008
Revenue		
Premium revenue (Note 14)	$ 246,626	$ 247,887
Investment (loss) income (Note 5)	(6,232)	45,035
Total revenue	240,394	292,922
Expenses		
Claim costs incurred (Note 12)	198,807	263,127
Operating expenses (Note 15)	59,924	59,793
Total expenses	258,731	322,920
Operating loss	**(18,337)**	**(29,998)**
Accident fund reserve at beginning of year	120,256	150,254
Accident fund reserve at end of year	$ 101,919	$ 120,256

The accompanying notes are an integral part of the consolidated financial statements.

SAFE Work – A Way of Life

Consolidated Statement of Comprehensive Income (Loss)

Year Ended December 31, 2009
(in thousands of dollars)

	2009	2008
Operating loss	$ (18,337)	$ (29,998)
Other comprehensive income (loss)		
Unrealized gains (losses) on available-for-sale financial assets	67,327	(158,789)
Reclassification of realized losses (gains) to the Consolidated Statement of Operations and Accident Fund Reserve (Note 5)	30,642	(7,530)
Other comprehensive income (loss)	97,969	(166,319)
Total comprehensive income (loss)	$ 79,632	$ (196,317)

Consolidated Statement of Changes in Accumulated Other Comprehensive Income (Loss)

Year Ended December 31, 2009
(in thousands of dollars)

	2009	2008
Accumulated other comprehensive income (loss)		
Balance at beginning of year	$ (58,673)	$ 107,646
Other comprehensive income (loss)	97,969	(166,319)
Balance at end of year	$ 39,296	$ (58,673)

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Cash Flows

Year Ended December 31, 2009
(in thousands of dollars)

	2009	2008
Operating cash flows		
Premiums from employers	$ 241,887	$ 230,309
Investment income	31,883	47,270
Claim payments (Note 12)	(189,290)	(191,319)
Purchases of administration goods and services	(59,100)	(59,162)
Net cash provided by operating activities	25,380	27,098
Investing cash flows		
Purchases of investments, net of sales (Note 5)	(23,623)	(26,920)
Capital asset acquisitions, net of disposals	(2,459)	(1,956)
Net cash used by investing activities	(26,082)	(28,876)
Net decrease in cash	(702)	(1,778)
Cash at beginning of year	1,103	2,881
Cash at end of year	$ 401	$ 1,103

The accompanying notes are an integral part of the consolidated financial statements.

Notes to Consolidated Financial Statements

Year Ended December 31, 2009
($ amounts in thousands of dollars unless otherwise noted)

1. NATURE OF OPERATIONS

The Workers Compensation Board of Manitoba (the WCB) was created in 1917 under the authority of *The Workers Compensation Act* of Manitoba. In accordance with the provisions of the *Act*, the WCB is responsible for:

- prevention of workplace injuries and occupational diseases in conjunction with the Manitoba government's Workplace Safety and Health Division
- administering payments to injured workers and suppliers of services to injured workers
- levying and collecting premiums from established classes of employers in amounts sufficient to cover the current and future costs of existing claims
- investing funds set aside for the future costs of claims as well as surplus funds.

An independent Workers Compensation Appeal Commission operates under the *Act* to make final rulings on any appeals pertaining to the WCB's assessment or benefits decisions.

The WCB's vision is *SAFE Work – A Way of Life*. The organization's mission is to promote safe and healthy workplaces, promote recovery and return to work, provide compassionate and supportive compensation services for workers and employers, and ensure responsible financial stewardship. The WCB compensates for lost wages, provides support and arranges for rehabilitative help, and has a responsibility to injured workers, their families and their employers to help injured workers return to health and productive work in a timely and safe manner.

The workers compensation system is funded through premiums collected from employers. The WCB does not receive government funding or assistance. Available funds are invested and are used to protect the WCB and its ratepayers from general business risks and catastrophic events in areas such as investment returns or extraordinary claim costs. To that end, an accident fund reserve attributable to Class E employers exists. A second reserve, accumulated other comprehensive income, shows the cumulative unrealized gains and losses arising from the investment portfolio.

The target balance for the reserves is based on a formula modified from the Minimum Contributing Capital and Surplus Requirements rules set out by the Office of the Superintendent of Financial Institutions, Canada. The calculation moves in tandem with changes in the size of the WCB's assets and liabilities, thereby calculating a reserve target that reduces risk to the organization. The target balance also includes a provision for the potential of new occupational diseases in the future and the expected impact of adopting International Financial Reporting Standards in 2011. The target balance for the reserves was $297.6 million at the end of 2009 ($284.1 million in 2008).

The WCB's Funding Policy is intended to ensure that fiduciary responsibilities are carried out in accordance with the *Act* and that annual influences do not unduly distort the funding process. The WCB is committed to operating on a fully funded basis to a level funding standard. Full funding requires that current employers pay for the current and future cost of existing compensable injuries and their administration, rather than future generations of employers paying for those injuries. Under level funding, the cost of claims with lengthy latency periods is funded in a level manner over the workers' periods of exposure to the elements that led to the injuries or diseases.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. The WCB's significant accounting policies are as follows:

Change in Accounting Policies

Effective January 1, 2009, two new presentation and disclosure standards were adopted:

The Canadian Institute of Chartered Accountants (CICA) Handbook Section 3862, Financial Instruments – Disclosures (Section 3862), was amended to require additional disclosures for financial instruments that are measured at fair value. These fair value measurements are categorized into a three-level fair value hierarchy, which reflects the extent to which they are based on observable market data. This hierarchy is included in Note 5. The WCB has taken advantage of the transitional provisions of the amendments and has not provided comparative information with respect to the new requirements.

New CICA Handbook Section 3064, Goodwill and Intangible Assets, provides standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. This new section requires that intangible assets be disclosed separately from property, plant and equipment on the balance sheet. As a result of this change, $4.2 million ($4.1 million in 2008) of intangible assets were reclassified from capital assets.

Measurement Uncertainty

These financial statements have been prepared in accordance with generally accepted accounting principles in Canada, which requires the WCB to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from these estimates.

Basis of Consolidation

These consolidated financial statements include the accounts of the WCB and its wholly owned real estate investment subsidiaries. Intercompany balances and transactions are eliminated on consolidation.

Cash

Cash includes cash on hand and balances with banks, net of any outstanding cheques. Cash and short term investments held by investment managers and custodians for investment purposes are included in the investment portfolio.

Investments

Under the provisions of CICA 3855 Financial Instruments – Recognition and Measurement, the financial assets of the WCB's investment portfolio are designated as available for sale, and carried at fair value. Other than the real estate portfolio assets in WCB Realty Limited, a wholly owned subsidiary, gains and losses arising from the change in fair value that have occurred during the year are recorded in other comprehensive income until the investment is derecognized (sold). At that time, the cumulative gain or loss previously recognized in other comprehensive income is designated a realized gain or loss and reclassified to investment income in the Consolidated Statement of Operations and Accident Fund Reserve. Income from interest and dividends is recognized in the period earned. Investment income is presented net of investment expenses.

The WCB consolidates the real estate portfolio of WCB Realty Limited at fair value, in accordance with CICA Accounting Guideline 18 – Investment Companies. Changes in fair value that occurred during the year are recorded in investment income in the Consolidated Statement of Operations and Accident Fund Reserve.

Fair Value of Investments
Investments are stated at fair value, which is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

Publicly traded investments are stated at year end market prices as listed on the appropriate stock exchange, or as provided by the custodian from independent sources.

Pooled fund investments are valued at the most recent unit values supplied by the pooled fund administrator at year end.

The fair value of real estate investments is determined annually by management based on a combination of the most recent independent appraisals of the rental properties and market data available at year end, net of any liabilities against the properties.

Capital Assets
Capital assets are stated at cost less accumulated amortization. Capital assets are amortized on a straight line basis over their estimated useful lives, as follows:

Computer equipment	3 - 5 years
Furniture, fixtures and equipment	5 years
Building renovations and leasehold improvements	2 - 10 years
Building	40 years

Intangible Assets
Acquired intangible assets, primarily computer software, are valued at cost less accumulated amortization.

Internally generated intangible assets, primarily software and systems development, including professional fees incurred to implement these assets, are valued at cost less accumulated amortization.

Amortization is calculated on a straight-line basis over the estimated useful life, as follows:

Computer software	3 years
Internally generated systems development	10 years

Employee Future Benefits
The actuarial determination of the accrued benefit obligation for pensions and other retirement benefits uses the projected benefit method prorated on service. This method incorporates management's best estimates of salary escalation, investment rate of return, retirement ages of employees and other actuarial factors. Actual results could differ from these estimates as the assumptions are of a long term nature, consistent with the nature of employee future benefits.

Actuarial gains (losses) arise from the difference between the actual experience of the pension plan's assets and liabilities for a period and the assumed outcome for that period, or from changes in actuarial assumptions used to determine the accrued benefit obligation. If the cumulative net actuarial gain (loss) exceeds 10 per cent of the greater of plan assets or liabilities, the excess is amortized over the expected average remaining service life of active employees. Past service costs are amortized on a straight line basis over the remaining service life of active employees expected to receive benefits under the plan.

On January 1, 2000, the WCB adopted the new accounting standard on employee future benefits using the prospective application method. The WCB is amortizing the transitional asset (pension) and transitional liability (other) on a straight line basis over 15 years, which was the average remaining service life of active employees expected to receive benefits under the benefit plans as at January 1, 2000.

Benefit Liabilities

The WCB's Chief Actuary prepares a valuation of the benefit liabilities of the WCB at each year end. The benefit liabilities represent the actuarial present value of all future benefit payments expected to be made for claims or injuries which occurred in the current fiscal year or in any prior year. The benefit liabilities include provision for all benefits provided by current legislation, policies and/or administrative practices in respect of existing claims, plus provisions for the future expenses of administering the existing claims.

The benefit liabilities also include the estimated liability for long latent occupational diseases. Due to the nature of the estimated liability for long latent occupational diseases and the extent of related historical claims information available, this liability is more uncertain by its nature than other benefit liabilities. As information is accumulated and analyzed, adjustments may be necessary to improve precision.

Fair Value of Other Financial Assets and Liabilities

Other financial assets and liabilities consist of cash and cash equivalents, accounts receivable and accounts payable. The carrying value of these items approximates their fair value, consistent with the short term nature of these items.

Accumulated Other Comprehensive Income

The designation of the WCB's investment portfolio as available-for-sale requires the WCB to use accumulated other comprehensive income (AOCI). AOCI is comprised of the cumulative unrealized gains and losses arising from the investment portfolio that, in accordance with primary sources of generally accepted accounting principles, are recognized in other comprehensive income but excluded from the operating surplus.

Premium Revenue

The operations of the WCB are categorized, in accordance with the *Act*, into Class E (general employers pool) and several classes of self-insured employers.

General Employers Pool

Employers registered within Class E are subject to collective liability and premium revenue is estimated by applying applicable industry assessment rates to the employers' reported assessable payrolls for the current year. Any difference between the estimated premium revenue and the actual premium revenue is credited or charged to income in the year the determination is made.

Self-Insured Employers

Self-insured employers – principally government bodies and railways and their subsidiaries – are subject to individual responsibility for costs attributable to claims arising from their employees, as well as administration expenses incurred on behalf of self-insured employers. As such, premium revenue from self-insured employers is recognized as these costs are incurred. Current costs are collected as billed while future costs are recorded as a deferred receivable.

The Government of Canada and its agencies are self-insured based on the *Government Employees Compensation Act*. Under this Act, the administration of this program is delegated to the WCB which acts as agent of the Government of Canada for the payment of compensation to federal employees in this province.

Foreign Currency Translation

Transactions in foreign currency are converted to Canadian dollars at the exchange rate in effect at the time of the transaction. Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rates in effect at the balance sheet date. Unrealized foreign currency exchange gains and losses arising from the investment portfolio are recorded in other comprehensive income until the investment is derecognized (sold). At that time, the cumulative foreign currency exchange gain or loss previously recognized in other comprehensive income is designated a realized foreign currency exchange gain or loss and reclassified to investment income.

Future Accounting Policy Changes

In February 2008, the Accounting Standards Board of Canada confirmed that the changeover date for adoption of International Financial Reporting Standards (IFRS) will be January 1, 2011. The WCB has determined that it is required to adopt IFRS, and is identifying key accounting policy choices. Research and analysis is underway to determine the final impact of converting to IFRS.

3. LINES OF CREDIT

The WCB has established an operating line of credit with its principal banker in the amount of $3.0 million. Advances on the line of credit bear interest at the bank's prime interest rate. The WCB has also established a revolving credit facility with the Province of Manitoba in the amount of $40.0 million. Advances on the revolving credit facility bear interest at the Province's preferred lending rate. Both credit facilities are unsecured. Borrowings during the year amounted to $100.3 million ($37.5 million in 2008), comprised of $25.3 million on the operating line of credit and $75.0 million on the revolving credit facility ($15.0 million and $22.5 million, respectively, in 2008), and were repaid in full during the year.

4. RECEIVABLES AND OTHER

	2009	2008
Premiums – Class E employers	$ 28,881	$ 27,134
Allowance for doubtful accounts	(1,195)	(1,013)
	27,686	26,121
Current assessments – Self-insured employers	3,045	2,600
Sundry	1,931	2,165
Accrued pension benefit asset (Note 11)	3,630	3,789
	$ 36,292	$ 34,675

5. INVESTMENT PORTFOLIO

Fair Value of the Investment Portfolio

	2009	2008
Equities		
Canadian	$ 196,434	$ 150,922
Private placements	29,327	29,675
U.S.	127,800	116,634
Europe, Australasia & Far East	77,704	66,213
Emerging markets	27,961	18,964
	459,226	382,408
Cash and short term investments	26,682	20,376
Fixed income	353,523	341,076
Real estate (see table below)	133,170	141,199
Total	$ 972,601	$ 885,059

Real Estate Portfolio

The real estate portfolio can be further broken down as follows:

	2009	2008
Rental properties and other net assets	$ 180,063	$ 186,037
Mortgages payable	(46,893)	(44,838)
Real estate investments	$ 133,170	$ 141,199

Mortgages payable on rental properties bear interest at rates ranging from 2.75 per cent to 7.36 per cent per annum at variable and fixed rates, with maturity dates ranging from 2010 to 2033. Scheduled principal and interest payments for 2010 on these mortgages total $15.3 million. The scheduled amounts of principal repayments in each of the next five years are as follows:

2010	$ 13,525
2011	9,832
2012	948
2013	2,835
2014	8,022
	35,162
Thereafter	11,731
Total	$ 46,893

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Investment Income
Investment income was derived from the following sources:

	2009	2008
Canadian equities	$ 5,162	$ 4,939
Foreign equities	3,122	6,386
Cash and short term investments	119	1,349
Fixed income	17,055	17,121
Real estate (see table below)	3,017	12,097
Realized (losses) gains reclassified from other comprehensive income	(30,642)	7,530
Loan interest expense	(18)	(52)
Management expenses	(4,047)	(4,335)
Investment (loss) income	($6,232)	$ 45,035

Real Estate Income
The real estate income can be further broken down as follows:

	2009	2008
Rental income, net of expenses	$ 7,115	$ 5,275
Appraisal (losses) gains	(4,120)	6,560
Realized gains from property sales	22	262
	$ 3,017	$ 12,097

Purchases of Investments, Net of Sales
Purchases of investments, net of sales can be further broken down as follows:

	2009	2008
Purchases of investments	$ 826,823	$ 796,194
Proceeds on disposal of investments	(803,200)	(769,274)
Net purchases of investments	$ 23,623	$ 26,920

Purchases and sales activities occur primarily within the fixed income portfolio and short term investments.

Fair Value of Investments
The WCB adopted the amendments to Section 3862 effective January 1, 2009. These amendments require the WCB to present certain information about financial instruments measured at fair value in the statement of operations and accident fund reserve. In the first year of application, comparative information need not be presented for the disclosures required by the amendment. Accordingly, the disclosure for the fair value hierarchy is only presented for the year ending December 31, 2009.

The three levels of the fair value hierarchy are:

Level 1 – Unadjusted prices quoted in active markets for identical assets
Level 2 – Inputs other than quoted prices that are observable for the asset either directly or indirectly
Level 3 – Inputs that are not based on observable market data.

The following table illustrates the classification of the WCB's financial assets within the fair value hierarchy as at December 31, 2009:

	2009			
	Level 1	Level 2	Level 3	Total
Equities				
Canadian	$196,434			$196,434
Private placements	1,220		$28,107	29,327
U.S.	127,800			127,800
Europe, Australasia & Far East	77,704			77,704
Emerging markets	27,961			27,961
	431,119		28,107	459,226
Cash and short term investments	26,682			26,682
Fixed income	256,033	97,490		353,523
Real estate		133,170		133,170
	713,834	230,660	28,107	972,601

The following table reconciles the WCB's level 3 fair value measurements from December 31, 2008 to December 31, 2009:

Balance at December 31, 2008	$28,591
Gain (loss) included in income	48
Gain (loss) included in other comprehensive income	(1,065)
Purchases	601
Sales	(68)
Transfers in (out)	
	$28,107

Commitments

The WCB has contractual agreements to contribute further funding to a maximum of $2.8 million ($12.6 million in 2008) to specific investment projects to be financed from the existing portfolio or from available cash.

6. INVESTMENT RISK MANAGEMENT

In accordance with the Statement of Investment Policy and Objectives, the investment objective of the WCB is to generate a consistent, positive, real rate of return on invested assets. Recognizing the need to achieve a balance between risk and return, investment risk is managed through a portfolio that is diversified across a number of distinct asset classes, as well as geographic region and investment style.

The following sections describe the nature and extent of financial risk exposure and the related risk mitigation strategies.

Market Risk

The WCB invests in publicly and privately traded equities and fixed income instruments available on domestic and foreign exchanges. As these securities are affected by market changes and fluctuations, the WCB is exposed to market risk as a result of price changes due to economic fluctuations in capital markets.

The following table presents the effect of a material change in the key risk variable – the sector benchmark – for each of the equity mandates in the WCB investment portfolio:

	2009		2008	
	5 year annualized		5 year annualized	
Equities	+/- 1 standard deviation	+/- 2 standard deviation	+/- 1 standard deviation	+/- 2 standard deviation
% change in benchmark	18.8%	37.6 %	16.7%	33.4%
Canadian	$32.8 million	$65.6 million	$25.2 million	$50.3 million
% change in benchmark	11.1%	22.2%	10.3%	20.6%
U.S.	$16.5 million	$33.1 million	$11.5 million	$22.9 million
% change in benchmark	16.1%	32.2%	14.1%	28.2%
Europe, Australasia and Far East	$12.5 million	$25.0 million	$10.1 million	$20.1 million
% change in benchmark	22.4%	44.8%	21.1%	42.2%
Emerging markets	$6.3 million	$12.5 million	$4.0 million	$8.0 million

Credit Risk Management

Credit exposure on fixed income securities arises from the possibility that the issuer of an instrument fails to meet its obligation to make interest payments and repay principal. To mitigate the risk of credit default, the minimum quality standard for individual bonds and debentures at time of purchase is BBB, as rated by an established bond rating service. To further mitigate this risk, bonds with a BBB rating are limited to a maximum of 15 per cent of an individual investment manager's portfolio. The balance of the portfolio should be invested in bonds with a minimum rating of A or higher.

Of the fixed income assets in the investment portfolio, 93 per cent (98 per cent in 2008) have at least an A credit rating. The WCB does not anticipate that any borrowers will fail to meet their obligations.

Securities Lending

The WCB may lend, for fee income, any of its securities to third parties, provided the loans are secured by cash or readily marketable securities having a market value of at least 105 per cent of the market amount of the asset borrowed. As at December 31, 2009, these loans amounted to $66.6 million ($67.1 million in 2008).

Foreign Exchange Risk Management

The WCB has certain investments denominated in foreign currencies, which exposes the WCB to foreign currency risk. During 2009, the WCB did not undertake hedging strategies for the currency risk of foreign investments. While currency fluctuations influenced short term returns, these fluctuations are not expected to affect the long term position of the investment portfolio.

WCB has exposure to the U.S. dollar, with USD-denominated holdings of $254.7 million CAD ($201.6 million CAD in 2008) or 26.2 per cent of the portfolio (22.8 per cent in 2008).

The table below presents the effects of a material change in the Canadian/U.S. dollar exchange rates:

	CAD/USD	
	2009	2008
10% appreciation in the Canadian dollar	$(23.2 million)	$(18.3 million)
10% depreciation in the Canadian dollar	$23.2 million	$18.3 million

Interest Rate Risk Management

The WCB is exposed to interest rate risk to the extent that the fair value or future cash flows of a financial instrument fluctuate due to changes in market interest rates. These fluctuations are managed by actively controlling the duration of the fixed income portfolio. As at December 31, 2009, the duration of the WCB's bond portfolio was 5.8 years (6.3 years in 2008).

The following table shows the effects of a negative 50 and 100 basis point (where one basis point equals 1/100 of one per cent and 50 basis points equals 0.5 per cent) change in interest rates on the bond portfolio:

	2009		2008	
+/- basis point change	50 basis points	100 basis points	50 basis points	100 basis points
Bonds	$8.1 million	$16.1 million	$8.3 million	$16.6 million

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7. DEFERRED ASSESSMENTS

Deferred assessments represent the WCB's estimate of the present value of premiums which will be received in the future from self-insured employers to fund the future costs of existing claims that have arisen from their employees. As such, the fair value for deferred assessments is not readily determinable. The deferred assessments may be secured by irrevocable letters of credit or other suitable forms of guarantee. The changes in deferred assessments were as follows:

	2009	2008
Balance at beginning of year	$ 65,691	$ 47,598
Increase in future cost liability	939	18,379
Increase in pension related transactions	2,058	477
Interest allocation	125	(763)
Net change in deferred assessments	3,122	18,093
Balance at end of year	$ 68,813	$ 65,691

8. CAPITAL ASSETS

	2009		2008	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	$ 6,397	$ 5,213	$ 8,687	$ 7,493
Furniture, fixtures and equipment	2,317	2,057	2,228	1,983
Building renovations and leasehold improvements	4,479	3,124	3,852	2,983
Building and land	6,176	628	6,176	556
	$ 19,369	$ 11,022	$ 20,943	$ 13,015
Net book value		**$ 8,347**		**$ 7,928**

As a result of asset dispositions, costs of $4.0 million ($0.3 million in 2008) for computer equipment and furniture, fixtures and equipment, and the offsetting accumulated depreciation were removed from the accounting records.

9. INTANGIBLE ASSETS

	2009		2008	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer software	$ 3,664	$ 3,048	$ 3,179	$ 2,775
Systems development projects	12,076	8,507	12,546	8,842
	$ 15,740	$ 11,555	$ 15,725	$ 11,617
Net book value		**$ 4,185**		**$ 4,108**

The aggregate amortization expense for 2009 was $1.0 million ($0.9 million in 2008).

10. PAYABLES AND ACCRUED LIABILITIES

	2009	2008
Accounts payable and accrued liabilities	$ 6,157	$ 4,837
Client annuity program	14,579	13,878
Research and Workplace Innovation Program	1,327	2,398
Deposits from self-insured employers	6,734	4,995
Employee vacation entitlements	3,123	2,951
Unearned revenue	0	182
Other payables	1,139	1,286
Sick leave plan (Note 11)	3,359	2,965
	$ 36,418	$ 33,492

11. EMPLOYEE FUTURE BENEFITS

The WCB has two employee benefit plans which provide pension and other future employment benefits to its employees. The cost of these employee benefit plans is recorded as an expense in the period in which employees' services are rendered.

The pension plan, which is funded by employee and employer contributions, is made up of the WCB Retirement Plan and the Supplementary Employee Retirement Plan. The WCB Retirement Plan is a defined benefit pension plan that provides indexed pensions (two-thirds of the Consumer Price Index for Canada) based on years of service and the best five consecutive years average earnings in the last 12 years of employment. The Supplementary Employee Retirement Plan provides that the employees of the WCB whose pension benefits exceed the maximum pension benefit permitted under the federal *Income Tax Act* will receive pension benefits based on their total pensionable earnings.

The WCB also has a defined benefit plan that provides for a payment of sick leave credits to employees that meet established criteria upon termination or retirement. Employees are not required to contribute to this plan.

Total cash payments for employee future benefits for 2009, consisting of cash contributed by the WCB to the funded pension plan and cash payments directly to beneficiaries for the unfunded sick leave plan, were $2.9 million ($2.8 million in 2008).

The WCB measures its accrued benefit obligations and the fair value of plan assets for accounting purposes as at December 31 of each year. The most recent actuarial valuation of the Retirement Plan for funding purposes, which was filed with the pension regulators, was as at December 31, 2007. The Retirement Plan showed a going concern surplus of $0.9 million and a solvency surplus of $3.0 million at the time of the 2007 valuation. The next required valuation will be as at December 31, 2010.

Information about the WCB's employee benefit plans for the year is as follows:

	Pension Plan		Sick Leave Plan	
	2009	2008	**2009**	2008
Benefits paid by the plan	$ 2,800	$ 3,136	$ 211	$ 189
Employer contributions	2,711	2,631	211	189
Employee contributions	2,065	2,001	-	-
Employee future benefit expense	2,871	3,577	604	657
Actual return on plan assets	21.3%	(16.3%)	-	-

Reconciliation of the benefit plans to amounts included in the financial statements:

	Pension Plan		Sick Leave Plan	
	2009	2008	**2009**	2008
Fair value of plan assets	$ 90,338	$ 72,499	-	-
Accrued benefit obligation	96,794	79,068	$ 4,665	$ 3,832
Plan deficit for accounting purposes	(6,456)	(6,569)	(4,665)	(3,832)
Balance of unamortized losses	10,086	10,358	1,306	867
Accrued benefit asset (liability)	$ 3,630	$ 3,789	$ (3,359)	$ (2,965)

The accrued benefit asset for the pension plan is included in receivables and other. The accrued benefit liability for the sick leave plan is included in payables and accrued liabilities.

The key actuarial assumptions used to value the employee future benefit liabilities for accounting purposes as at December 31 are as follows:

	Pension Plan		Sick Leave Plan	
	2009	2008	**2009**	2008
Discount rate	6.50%	7.25%	6.50%	7.25%
Expected long term rate of return on plan assets	6.75%	6.75%	-	-
Rate of compensation increase	3.75%	3.75%	2.25%	2.25%
Expected average remaining service life (in years)	14	14	14	14

The asset allocation for the pension plan as at December 31 is:

	2009	2008
Equity	62%	59%
Fixed income (including short term)	38%	41%

12. BENEFIT LIABILITIES

Benefit liabilities are determined in accordance with standards established by the Canadian Institute of Actuaries. The actuarial present value of future benefit payments reflects management's long term estimates of economic and actuarial assumptions and methods, which are based upon past experience and modified for current trends. As these assumptions may change over time to reflect underlying conditions, it is possible that such changes could cause a material change in the actuarial present value of the future payments. The fair value for benefit liabilities is not readily determinable.

The key actuarial assumptions used to value the benefit liabilities as at December 31 are as follows:

	2009	2008
Discount rate for non-indexed benefits	6.0%	6.0%
Discount rate for CPI-indexed benefits	3.0%	3.0%
Discount rate for wage-indexed benefits	2.0%	2.0%
Discount rate for healthcare benefits	(0.5%)	(0.5%)

An analysis of the components of and changes in benefit liabilities is as follows:

	2009						2008
	Short Term Disability	Long Term Disability	Survivor Benefits	Healthcare Benefits	Rehabilitation Services	Total	Total
Balance at beginning of year	$ 150,865	$ 387,194	$ 153,023	$ 183,875	$ 28,532	$ 903,489	$ 831,681
Add: Claim costs incurred							
Current year	103,443	4,719	7,988	48,121	8,664	172,935	184,798
Prior years	(55,482)	60,988	5,550	22,655	(7,839)	25,872	78,329
	47,961	65,707	13,538	70,776	825	198,807	263,127
Less: Claim payments made							
Current year	28,927	428	438	18,851	30	48,674	51,094
Prior years	35,732	52,538	14,958	34,350	3,038	140,616	140,225
	64,659	52,966	15,396	53,201	3,068	189,290	191,319
Balance at end of year	$ 134,167	$ 399,935	$ 151,165	$ 201,450	$ 26,289	$ 913,006	$ 903,489

The liability for short term disability claims is an estimate of future wage loss payments for claims that have yet to medically plateau or stabilize. The long term disability liability includes estimated future wage loss payments for those claims that have medically plateaued and stabilized, estimated future pension payments, and estimated future cost of claims relating to certain long latent occupational diseases. The liability for survivor benefits is composed of estimated future pension payments and other services provided to survivors of those who have lost their lives as a result of workplace injuries or illnesses. Healthcare liabilities are the estimated future medical costs for existing claims. The liability for rehabilitation services is composed of the estimated cost of future rehabilitation services which are externally supplied to the WCB.

Included in the benefit liabilities balance is $41.4 million ($39.4 million in 2008) for the long latent occupational disease liability and $62.0 million ($54.4 million in 2008) for the future cost of administering existing claims.

13. BENEFIT LIABILITIES FOR SELF-INSURED EMPLOYERS

Note 12 contains a complete description of the components of the benefit liabilities for all employers. An analysis of the portion relating to self-insured employers is as follows:

	2009						2008
	Short Term Disability	**Long Term Disability**	**Survivor Benefits**	**Healthcare Benefits**	**Rehabilitation Services**	**Total**	**Total**
Balance at beginning of year	$ 16,478	$ 43,527	$ 27,063	$ 32,972	$ 2,317	$ 122,357	$ 106,387
Add: Claim costs incurred							
Current year	11,622	711	693	6,632	918	20,576	22,260
Prior years	(4,376)	5,524	2,390	765	(827)	3,476	19,709
	7,246	6,235	3,083	7,397	91	24,052	41,969
Less: Claim payments made							
Current year	3,603	104	-	2,066	9	5,782	6,067
Prior years	4,496	4,837	3,243	5,520	186	18,282	19,932
	8,099	4,941	3,243	7,586	195	24,064	25,999
Balance at end of year	$ 15,625	$ 44,821	$ 26,903	$ 32,783	$ 2,213	$ 122,345	$ 122,357

Included in premiums and claim costs for self-insured employers are payments in the amount of $3.8 million ($4.2 million in 2008) made by self-insured employers directly to injured workers on the WCB's behalf. These amounts are reported to the WCB for inclusion in these financial statements.

Included in the benefit liabilities balance is $12.0 million ($11.4 million in 2008) for self-insured employers' share of the long latent occupational disease liability and $8.0 million ($6.8 million in 2008) for the future cost of administering existing claims.

14. PREMIUM REVENUE

	2009	2008
Premiums – Class E employers	$ 217,054	$ 203,445
Assessments – Self-insured employers	26,450	26,349
Increase in deferred assessments (Note 7)	3,122	18,093
Total premium revenue	$ 246,626	$ 247,887

15. OPERATING EXPENSES

	2009	2008
Salaries, employee benefits and training	$ 40,880	$ 39,923
Information technology service fees	1,475	1,574
Occupancy costs	2,006	1,978
Office supplies, services and projects	949	742
Communications	1,084	1,240
Professional fees	1,001	981
Donations	74	579
Amortization of capital assets	1,963	1,913
Appeal Commission	1,141	1,150
Research and Workplace Innovation Program grants	(439)	1,000
Recoveries from the Government of Canada	(818)	(867)
Prevention and other (Note 16)	10,608	9,580
Total operating expenses	$ 59,924	$ 59,793

Of the total operating expenses, $4.4 million ($4.3 million in 2008) was allocated to self-insured employers based on the current year's transaction volumes.

The WCB administers the *Government Employees Compensation Act* program for the Government of Canada. The operation of this program is reflected only to the extent of the recoveries of operating expenses.

16. RELATED PARTY TRANSACTIONS

Pursuant to *The Workplace Safety and Health Act* of Manitoba, the Province may pay the expenses incurred in the administration of that Act out of the consolidated fund and may, subsequently, recover such portion as it may determine from the WCB under *The Workers Compensation Act* of Manitoba. For 2009, the amount charged to operations under this provision was $8.3 million ($7.4 million in 2008).

Also, under Section 84.(1) of *The Workers Compensation Act* of Manitoba, the Province may pay the costs incurred in respect of worker advisors and may recover them from the WCB. For 2009, the amount charged to operations under this provision was $0.8 million ($0.9 million in 2008).

In addition to the legislated obligations referred to above, included in these financial statements are amounts resulting from routine operating transactions conducted at prevailing market prices with various provincial government controlled ministries, agencies and Crown corporations with which the WCB may be considered related. This includes the provision of assistance, in the form of medical opinions and appeal services, for the Province of Manitoba relating to criminal injury claims. The provincial government is also a self-insured employer under *The Workers Compensation Act* of Manitoba. Account balances resulting from these transactions are included in these financial statements and are settled on normal trade terms.

Included in the WCB's investment portfolio as at December 31, 2009 are guaranteed debentures issued by the Province of Manitoba in the amount of $0.9 million ($0.8 million in 2008).

17. COMMITMENTS

The WCB has signed operating leases for office premises expiring at various times until December 31, 2014. The minimum lease obligations over the next five years are:

2010	2011	2012	2013	2014	Total
$561	$313	$264	$212	$42	$1,392

18. CONTINGENCIES

The WCB is party to various claims and lawsuits related to the normal course of business that are currently being contested. In the opinion of management, the outcome of such claims and lawsuits are not determinable. However, based on the total amount of all such actions, WCB has concluded that their outcomes, either individually or in aggregate, will not have a material effect on the results of operations or financial position.

19. AUDITOR INDEPENDENCE

Grant Thornton LLP provided $3 ($0 in 2008) of non-audit services to the WCB in 2009.

20. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

SAFE Work – A Way of Life

Statistics and Measures

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In addition to the statistical information provided in this annual report, a *Manitoba Workplace Injury and Illness Statistics Report* is published annually. This document is a joint publication of the WCB and the Manitoba government's Workplace Safety and Health Division. To obtain a copy of the report, please call 954-4760, toll-free 1-800-362-3340 or visit wcb.mb.ca.

Introduction

The WCB is committed to organizational goals built upon four themes: Prevention, Recovery, Service and Stewardship. Measures have been developed to gauge progress towards these goals.

These statistics and measures enable the WCB to analyze and report on its current performance and measure progress from previous years.

Prevention

Five Year Targets:

Reduce the time loss injury rate to 3.5 per 100 full time workers, in addition to reducing the number of serious injuries and traumatic fatalities.

Reduce the number of Manitobans who believe workplace injuries are inevitable to 30 per cent.

Injury Rate Trends, Accepted Claims and Fatalities

The WCB is committed to increasing prevention awareness and reducing the time loss injury rate in Manitoba. Through the efforts of the WCB and its partners in prevention over the past several years, the injury rate has been reduced to an estimated 3.8. This is approaching the WCB's target injury rate of 3.5.

In addition to monitoring the time loss injury rate, the WCB also measures workplace safety attitudes in the province. Surveys indicate that 60 per cent (61 per cent in 2008) of Manitobans believe that workplace injuries are inevitable. The WCB continues to look at opportunities to ensure Manitobans have safe and healthy workplaces.

	2005	2006	2007	2008	2009
Injury Rate					
Time loss injury rate	4.3	4.3	4.2	4.0	3.8*
Claims					
Time loss injury claims	16,697	17,142	17,265	17,109	15,508
No time loss injury claims	18,290	18,608	17,987	17,799	16,222
Total injury claims	34,987	35,750	35,252	34,908	31,730
Fatalities					
Fatalities	26	26	27	24	28

* The 2009 time loss injury rate is an estimate and will be confirmed in mid-2010.

Recovery

Five Year Targets:

Achieve an average of 8 out of 10 on injured worker satisfaction with return to work support.

Achieve an average claim duration of 37 days.

Return to Work

In 2009, the WCB continued to focus on return to work. The latest survey results indicate the WCB scored 7.3 out of 10 (7.5 out of 10 in 2008) when workers were asked how well the WCB supported them in their return to work and that 83 per cent (84 per cent in 2008) of workers returned to work after sustaining a time loss injury. The organization continues to provide many tools to assist employers, injured workers, healthcare practitioners and WCB staff with their disability management efforts.

Duration of Claims

Duration of claims measures the number of days that injured workers receive wage loss replacement. Many factors affect the duration of claims, including demographics and type of injury. Today's typical injured worker is older and almost two-thirds of all time loss injuries are musculoskeletal injuries. Duration decreased in 2009. As well, the WCB made progress on several projects that support effective return to health and meaningful work in 2009. Work in this area will continue in 2010.

The WCB is working toward the target of an average claim duration of 37 days. The organization continuously makes improvements to case management processes and the case management model, helping to enable injured workers to effectively return to health and meaningful work as soon as safely possible.

Average Days Paid for All Wage Loss Claims	2005	2006	2007	2008	2009
Claims from All Years	39.3	38.6	38.6	42.0	41.0

Service

Five Year Targets:

Achieve at least 80 per cent on the WCB service culture index.

Pay at least 70 per cent of injured workers within 14 days of injury.

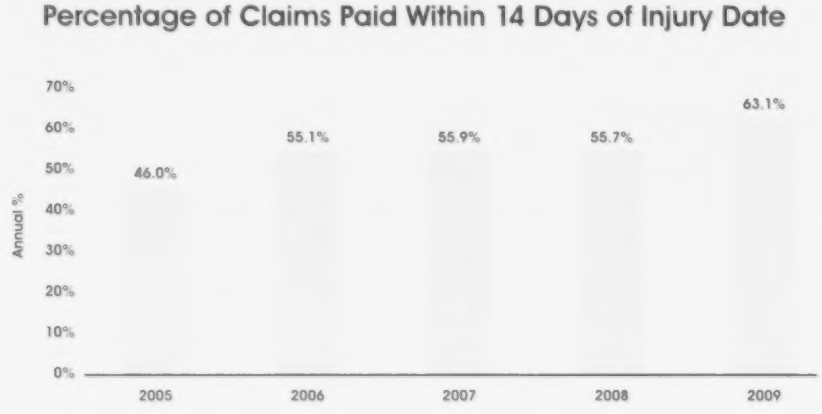
Achieve 8 out of 10 in injured worker satisfaction.

Achieve 8 out of 10 in employer satisfaction.

Achieve at least 95 per cent in quality of claim management.

Timely Payments to Injured Workers

The WCB is working toward reaching its goal of paying 70 per cent of injured workers within 14 days of injury.

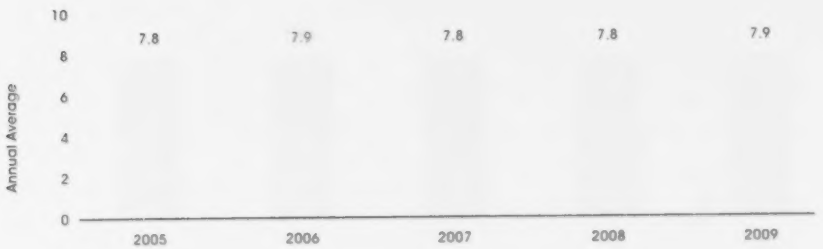


Customer Service Measures

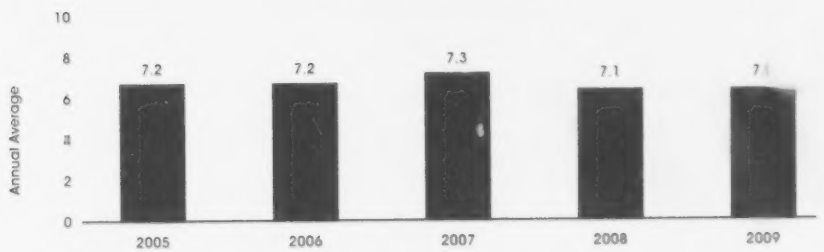
The WCB believes in providing service that is **fast, easy, caring, right** and **clear** and is proud of its strong service culture. The organization scored 73 per cent (72 per cent in 2008) on the WCB service culture index in 2009. The service culture index is based on employee perceptions of the importance of customer service, as measured in the annual WCB employee opinion survey.

The organization strives to meet the evolving needs of all customers with a goal of achieving an 8 out of 10 rating. Results of the worker and employer customer satisfaction surveys are shown in the following charts.

Injured Worker Satisfaction



Employer Satisfaction

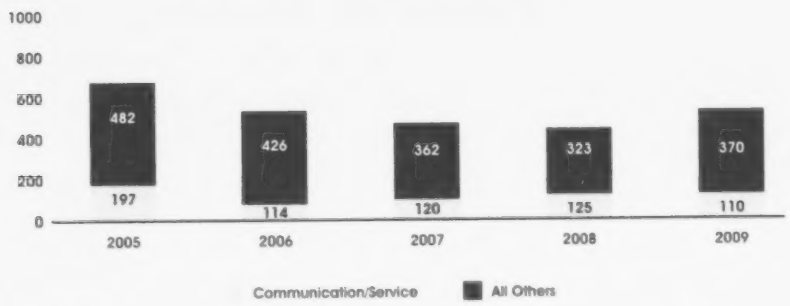


Quality Claim Management

The WCB aims to adjudicate claims accurately, fairly and transparently. In 2009, the organization met quality expectations on 73 per cent of claims (80 per cent in 2008). In 2009, the quality review process was broadened with a view to strengthen deeper oversight of quality.

The WCB also looks to referral activity from the Fair Practices Office and the Review Office to monitor progress. The organization is steadily improving claim management. The Fair Practices Office referrals have totaled fewer than 500 for the past three years. While Review Office referrals rose to about 1,500 in 2009 (1,200 in 2008) the percentage of adjudicative decisions confirmed by the Review Office remained steady at about 75 per cent.

Fair Practices Issues Raised



Stewardship

Five Year Targets:

Grow reserves toward the funding policy target level.

Achieve an average of 80 per cent on WCB employee engagement measures.

Increase the number of Manitobans who believe the WCB makes a positive contribution to the province to 70 per cent.

Results in the key target areas are as follows:

- The WCB's reserve balance as at December 31, 2009 was $141 million (December 31, 2008, $61 million) versus the funding policy target level of $298 million (December 31, 2008, $284 million).
- A score of 75 per cent (71 per cent in 2008) was obtained on the employee engagement index.
- 67 per cent (66 per cent in 2008) of Manitobans surveyed said they believe the WCB is making a positive contribution to the province.

The WCB is committed to managing its resources in a responsible manner, ensuring an affordable and financially strong compensation system is maintained for Manitoba workers and employers. Financial indicators provided in this report to illustrate resource management are as follows:

- employer assessments and average assessment rate
- investment results
- administration cost per time loss claim
- funding ratio.

Employer Assessments and Average Assessment Rate

Maintaining a competitive average assessment rate (per $100 of payroll) is paramount when it comes to the WCB's fiduciary management. In 2009, Manitoba's average assessment rate continued to be one of the lowest when compared to other Canadian jurisdictions.

In keeping with the WCB's prevention and disability management mandates, employers' assessment rates reflect their claims experience record. Employers experiencing higher claim costs pay higher rates.

	2005	2006	2007	2008	2009
1. Assessments*					
Assessable payrolls ($ millions)	9,764	10,568	11,392	12,641	13,394
Assessment revenue ($ millions)	168	182	195	205	213
2. Employers					
Number of registered employers at December 31	25,547	26,044	26,730	28,479	29,970
New registrants in-year	2,663	2,355	2,949	3,813	3,747
3. Rates (per $100 of Payroll)					
Average - actual	$1.72	$1.72	$1.71	$1.62	$1.59
Lowest	$0.16	$0.15	$0.15	$0.14	$0.14
Highest	$31.29	$41.95	$42.27	$30.27	$35.57

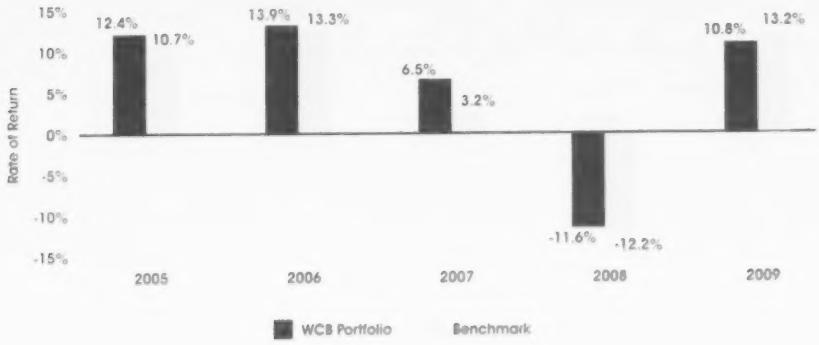
*Assessable payrolls, assessment revenue and the corresponding rate data are estimates and will be confirmed in mid-2010. Assessment revenue is a subset of premium revenue from Class E employers, (see Note 14 in the *Notes to Consolidated Financial Statements* section).

Investment Results

Investment revenue is a significant revenue stream for the WCB. The investment portfolio is carefully managed by adhering to the WCB's Statement of Investment Policies and Objectives and by monitoring portfolio performance against appropriate benchmarks.

The following chart shows the gross investment rate of return and the benchmark rate of return. The gross return in 2009 of 10.8 per cent was slightly under the benchmark rate. The WCB achieved actual returns that were better than benchmark in four of the past five years.

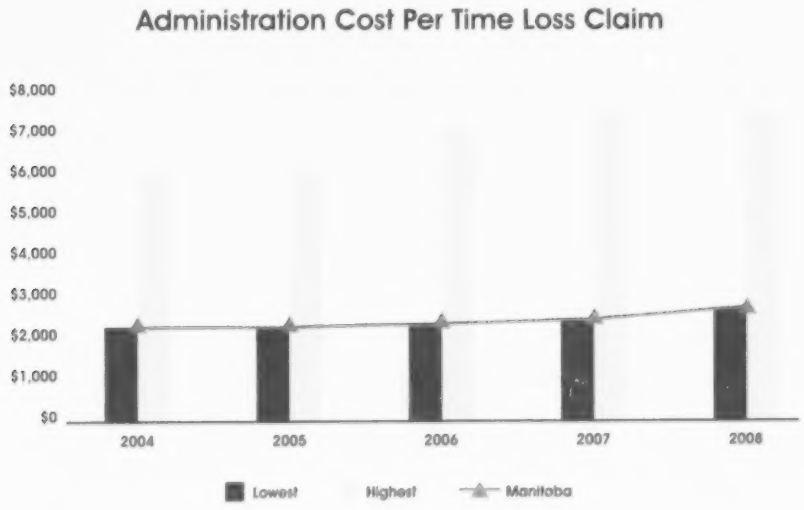
Investment Rate of Return, Gross



Administration Cost Per Time Loss Claim

The WCB's goal is to provide excellent customer service and quality compensation services in an efficient manner. One of the ways to measure this goal is the administration cost per time loss claim. Administration costs are a subset of operating expenses and are grouped consistently by all WCBs across Canada.

Manitoba has had one of the lowest administration cost per time loss claim across Canada for the five years shown below and expects to maintain this status for 2009. (Data for 2009 is not available until mid-2010.)



Reserves and Funding

The WCB's reserves protect the organization and its ratepayers from general business risks and catastrophic events such as investment returns or injury claim costs. The reserve target assists the WCB in making future financial decisions as the financial impacts to ratepayers are balanced against the risk of the reserves not meeting the target value. (Funding formulas provide the WCB with the optimum target balance for its reserves.) The 2008 investment market decline substantially reduced WCB reserves. As at December 31, 2009, however, the WCB more than doubled the balance in its reserves, although this balance is below the target.

A measure of the financial strength of the WCB is the funding ratio (ratio of total assets to total liabilities). Any amount above 100 per cent indicates that the WCB is fully funded with a positive balance in its reserves. Values below 100 per cent signal that the WCB is in an unfunded position. Manitoba has been in a fully funded position since 1996, with a 2009 funding ratio of 114.9 per cent.

Funding Ratio